

Mayor and Council Executive Session, Work Session & Special Session (90th Voting Session) April 2, 2024 Agenda

"The City of Hagerstown will inspire an inclusive, business-friendly, and sustainable community with clean, safe, and vibrant neighborhoods."

"The City of Hagerstown shall be a community focused municipality"

**The agenda and meeting packet is available at
www.hagerstownmd.org/government/agenda**

"Eclipses bring profound endings and new beginnings"

EXECUTIVE SESSION

1. The Mayor and Council will meet in Open Session only for the purpose of voting to close its meeting to discuss matters that the Open Meetings Act permits it to discuss in Executive/Closed Session.

3:30 PM 2. Executive Session

4:00 PM WORK SESSION

- 4:00 PM** 1. FY 2025 Budget Review - *Scott Nicewarner, City Administrator and Michelle Hepburn, Chief Financial Officer*
- 4:15 PM** 2. Human Trafficking Awareness Training – *Paul Fulk, Neighborhood Services Manager and Emily McFarland, Neighborhood Services Coordinator*
- 4:45 PM** 3. Cultural Trail Crosswalk Location across Baltimore Street - *Jim Bender, City Engineer*
- 5:00 PM** 4. Follow-up Discussion on Public Hearing: A-2024-01 - Annexation of 55 West Oak Ridge Drive, Building One – *Kathleen Maher, Director of Planning and Code Administration and Joanna Wu, Planner*

SPECIAL SESSION

- 5:15 PM** 1. **SPECIAL SESSION (90th VOTING SESSION) – *Council Chamber, 2nd floor, City Hall***
2. Approval of Annexation Resolution: A-2024-01 for JDA – 55 W. Oak Ridge Drive
 3. Approval to Accept Award of Coverdell Grant

CITY ADMINISTRATOR'S COMMENTS

MAYOR AND COUNCIL COMMENTS

ADJOURN

**REQUIRED MOTION
MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND**

Topic:

The Mayor and Council will meet in Open Session only for the purpose of voting to close its meeting to discuss matters that the Open Meetings Act permits it to discuss in Executive/Closed Session.

Mayor and City Council Action Required:

Discussion:

Financial Impact:

Recommendation:

Motion:

Action Dates:

**REQUIRED MOTION
MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND**

Topic:

Executive Session

Mayor and City Council Action Required:

Discussion:

Financial Impact:

Recommendation:

Motion:

Action Dates:

ATTACHMENTS:

File Name

April_2__2024_Executive_Session.pdf

Description

Executive Session Agenda



**MAYOR AND CITY COUNCIL
EXECUTIVE SESSION
APRIL 2, 2024
AGENDA**

Vision Statement:

The City of Hagerstown will inspire an inclusive, business-friendly, and sustainable community with clean, safe and vibrant neighborhoods.”

Mission Statement:

“The City of Hagerstown shall be a community focused municipality.”

The agenda and meeting packet is available at www.hagerstownmd.org/government/agenda

3:30 p.m. EXECUTIVE SESSION

1. To consult with counsel to obtain legal advice; (#7)
**Potential Breach of Lease Agreement with DairyOne*

***AUTHORITY: Annotated Code of Maryland, General Provisions Article: Section 3-305(b)
(Subsection is noted in parentheses)**

CITY OF HAGERSTOWN, MARYLAND

PUBLIC BODY: Mayor & City Council

DATE: April 2, 2024

PLACE: Council Chamber, 2nd floor, City Hall

TIME: 3:30 p.m.

AUTHORITY: **ANNOTATED CODE OF MARYLAND, GENERAL PROVISIONS ARTICLE: Section 3-305(b) :**

1. To discuss:
 - ☐ (i) the appointment, employment, assignment, promotion, discipline, demotion, compensation, removal, resignation or performance evaluation of appointees, employees, or officials over whom it has jurisdiction; or
 - ☐ (ii) any other personnel matter that affects one or more specific individuals;
- ☐ 2. To protect the privacy or reputation of individuals with respect to a matter that is not related to public business;
- ☐ 3. To consider the acquisition of real property for a public purpose and matters directly related thereto;
- ☐ 4. To consider a matter that concerns the proposal for a business or industrial organization to locate, expand, or remain in the State;
- ☐ 5. To consider the investment of public funds;
- ☐ 6. To consider the marketing of public securities;
- ☒ 7. To consult with counsel to obtain legal advice;
- ☐ 8. To consult with staff, consultants, or other individuals about pending or potential litigation;
- ☐ 9. To conduct collective bargaining negotiations or consider matters that relate to the negotiations;
- ☐ 10. To discuss public security, if the public body determines that public discussions would constitute a risk to the public or public security, including:
 - (i) the deployment of fire and police services and staff; and
 - (ii) the development and implementation of emergency plans;
- ☐ 11. To prepare, administer or grade a scholastic, licensing, or qualifying examination;
- ☐ 12. To conduct or discuss an investigative proceeding on actual or possible criminal conduct; or
- ☐ 13. To comply with a specific constitutional, statutory, or judicially imposed requirement that prevents public disclosures about a particular proceeding or matter; or
- ☐ 14. Before a contract is awarded or bids are opened, discuss a matter directly related to a negotiation strategy or the contents of a bid or proposal, if public discussion or disclosure would adversely impact the ability of the public body to participate in the competitive bidding or proposal process.
- ☐ 15. Administrative Function

EXECUTIVE SESSION AGENDA

*City Hall • Council Chamber • 1 East Franklin Street • Hagerstown, MD 21740
301.739.8577, Ext. 113 • Telephone for the Hearing Impaired 301.797.6617*

**REQUIRED MOTION
MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND**

Topic:

FY 2025 Budget Review - *Scott Nicewamer, City Administrator and Michelle Hepburn, Chief Financial Officer*

Mayor and City Council Action Required:

Discussion:

Financial Impact:

Recommendation:

Motion:

Action Dates:

ATTACHMENTS:

File Name

FY25_Budget_Review_Memo_04-02-2024.pdf

Description

FY25 Budget Review
04.02.24



CITY OF HAGERSTOWN, MARYLAND

Finance & Accounting Department

One East Franklin Street • Hagerstown, MD 21740

Telephone: 301.766.4142 • Website: www.hagerstownmd.org

To: Scott Nicewarner, City Administrator

From: Michelle Hepburn, Chief Financial Officer
Brooke Garver, Accounting & Budget Manager

Date: April 2, 2024

Subject: FY25 Budget Review

On Thursday, March 28, 2024, copies of the FY25 Proposed Budget were distributed and an electronic version was made available on the City's website. We have scheduled the first budget work session and review for April 2.

Some of the major highlights that are included in the FY25 proposed budget are below separated by fund. In addition, the City Administrator's Message portion of the budget is attached. It contains fifty pages of summary information by fund and city-wide for reference.

American Rescue Plan Act of 2021 (ARPA):

- The American Rescue Plan Act of 2021 provided the City of Hagerstown a total of \$20.4 million which was received over two years. The funding must be spent or obligated by December 2024.
- The 7 federal expenditure categories are Public Health, Negative Economic Impacts, Services to Disproportionately Impacted Communities, Premium Pay, Infrastructure, Revenue Replacement, and Administrative.
- As of June 2023, funding utilized totaled \$6.2M, FY24 projected expenditures are \$9.3M, and FY25 proposed budget expenditures are \$4.3M. FY25 proposed expenditures include a partial year for Grant Coordinator position, partial year for Community Liaison position, and Police body worn camera maintenance in the General Fund operating plus various General Fund, Wastewater Fund, and Stormwater Fund Capital Improvement Projects.

General Fund:

- Balanced budget with a \$5.1K surplus
- Keep current RE (real estate) tax rates the same as FY24: \$1.002 per \$100 assessed value (for all)
- No change in corporate personal property tax rates from FY24: \$2.505 per \$100 assessed value
- Assessed value revenue growth of 6.9%
- HUR (highway user revenue) of \$125.0K included to cover portion of eligible annual debt service requirement and \$1.6M for capital projects
- Kept overall HUR amounts lower than FY24 estimated actual due to uncertainty around the State budget specifically regarding the amount of HUR funding that may be reduced to counties and municipalities
- No transfers from Health Insurance Fund
- Utilization of GF Fund Balance Reserves of \$2.2M in total from a combination of previously approved budget for projects that were not yet completed, reallocation to a few new capital projects, and adding some additional reserves utilization while maintaining Fund Balance/Retained Earnings policy guidelines of 17% of general operating budget and 2 months of operating expenditures
- Total transfers to Economic Redevelopment of \$1.3M for various incentives and costs which



- includes \$975K for Invest Hagerstown program incentives
- Changes in full-time staffing compared to FY24 levels: 2 civilian staff for Police Watch Center; fund 1 full-time Fire Deputy Chief, and 4 part-time sworn officer positions. The following are proposed changes reflected in FY25 proposed budget not yet approved by Mayor and Council: retain 1 full-time Community Liaison position in Police and 1 full-time Grant Coordinator position in Accounting once ARPA funding period has ended, and converting 2 part-time sworn officer positions to 1 full-time civilian position for a program to be proposed later (Alternate Response Team) in Police.
- Salary and benefit costs total \$38.6M and comprise 61.2% of all General Fund expenditures
- Police & fire pension contributions increased by 14.3% to 16.0% of base salaries in FY25
- Significant bond issue of \$15.9M if no additional funding from others is received for Hagerstown Field House
- Estimated deficit in FY26 of \$6.9M to balance if no changes are made from FY25 and reflects future impact if City bonds \$15.9M to construct Hagerstown Field House and has pay-go capital infrastructure funding needs of \$9.8M

Economic Redevelopment Fund:

- Includes \$975K in funding for the Invest Hagerstown program
- \$35K included for individual/customized incentives including Spring Sprouts or other smaller incentive grants
- \$131.5K included for PEP incentives

Electric Fund:

- Wholesale power contract is in place through December 31, 2026 at \$54.05/MWh which sets both the revenue and majority of all expenses (76.3%)
- Cost-of-service study for retail rate design is in process and was last completed in 2005
- No change in full-time staffing positions; reallocation of staffing time among Utility funds (Electric, Water, and Wastewater) is reflected
- Total capital projects included in the amount of \$4.2M
- Includes <\$86K> deficit for FY25
- The ending cash balance projection will decrease from \$2.6M in FY24 to <\$0.8K> in FY25 and <\$14.3M> in FY29

Water Fund:

- Cost rate model approved in process for FY25-FY27. While 0.5% rate increase was utilized in FY25 revenue, cost rate model reflects the need for 14.0% annually over a three-year period
- No change in full-time staffing positions; reallocation of staffing with Electric Fund reflected
- Total capital projects included in the amount of \$8.0M
- Includes <\$2.4M> deficit for FY25
- The ending total cash balance projection will decrease from \$13.4M in FY25 to <\$7.0M> in FY29

Wastewater Fund:

- Cost rate model approved in process for FY25-FY27. While 3.0% rate increase was utilized in FY25 revenue, cost rate model reflects the need for 13.0% annually over a three-year period
- No change in full-time staffing positions over FY24 levels
- Total capital projects included in the amount of \$16.2M
- Includes \$4.7M surplus for FY25
- The ending total cash balance projection will decrease from \$2.9M in FY25 to <\$9.2M> in FY29

Parking Fund:

- Rates are currently being reviewed for potential changes needed for overall revenue growth included in FY25
- HUB Parking Garage anticipated to open July 1 and FY25 reflects full year of both associated revenue and operating expenses
- No change in full-time staffing levels in FY25 just an allocation change from General Fund; 1 new part-time position added for new Hub Parking Garage
- Total capital projects included in the amount of \$35K
- Assumes a bond refunding will happen in FY25 for \$10.6M to pay-off the ST BAN for HUB

Parking Garage.

- Includes <\$492K> deficit for FY25
- The ending cash balance projection will decrease from \$805K in FY25 to <\$1.5M> in FY29

Stormwater Fund:

- Rate model is approved through June 2024 with a rate of \$36.00 per 1000 square feet of impervious surface. A new cost rate model is underway with our consultant for future changes.
- No change in full-time staffing positions; reallocation of staffing with General Fund Public Works and Engineering reflected
- Total capital projects included in the amount of \$4.2M
- Includes \$2.8M surplus for FY25

April 9, 2024 through May 21, 2024:

Future budget review work sessions will include discussions on the General Fund first and then cover Other Governmental, Health Fund, and Enterprise Funds after that. Tentatively, there may be a budget work session added to the agenda on April 23 prior to the start of the regular session

May 7, 2024:

- Public Hearing: FY25 Budget and Property Tax Rate
- Introduction of Ordinances (FY25 Budget and Property Tax Rate)

May 21, 2024:

- Adoption of Ordinances (FY25 Budget and Property Tax Rate)



City of Hagerstown, Maryland

City Administrator's Department

March 31, 2024

To the Honorable Mayor Tekesha Martinez and the members of the Hagerstown City Council,

The proposed FY25 City of Hagerstown comprehensive budget is submitted for your review and consideration. As we enter the final year of the Keller / Martinez administration, I am very happy and proud to state to the elected body that this budget will complete 100% of the objectives as set forth in the Mayor and Council's 2021 – 2024 strategic plan. The foresight and vision that the body developed in 2021 has proven solid through the test of a post-COVID economy. The objectives set forth have made this community prosperous, safer, vibrant, and resilient. Edward T McMahon, author of *Urban Memory in City Transitions*, *The Significance of Place in Mind* states "Growth is inevitable and desirable, but destruction of community character is not. The question is not whether your part of the world is going to change. The question is how." We are indeed experiencing a growth in this community that has not been experienced in decades. That growth, however, does not come without its share of challenges to which your goals and objectives helped to define, and which staff worked hard to detail and address in accordance with your guidance. This FY25 budget sets the stage for the realization of the beginning of a successful journey through this transformation of our City into the next administration and for years to come.

Before going further, I again want to express my sincere appreciation to all City staff involved in the budget development process. All our management staff, most notably our Finance team, have again produced a budget that addresses the needs of the community and the strategic direction provided by this administration, of which you can be proud. Staff have also been able to accomplish this budget offering without the need for a tax rate increase. The FY25 budget is the first one in 3 years that must focus on revenue beyond those grants provided during the COVID crisis by the Federal government. Though to be considered a "normal" budget, it does position the City back to where the attention is paid to those revenues predominately generated through traditional channels such as property taxes, fees, fines, and debt offerings. We have been fortunate enough to have realized successful implementation of projects utilizing the \$20.4 million in ARPA Recovery Act funding that provided a much-needed boost to our ability to enhance and introduce services for the taxpayer that otherwise would not have been possible. We are also fortunate to have been able to recognize staff for their commitment to the residents and visitors to the City during that volatile time in our City's history. We are confident that we will meet the December 31 federal deadline for allocation of all our ARPA funding and are appreciative to this administration for its diverse and productive funding of these mentioned and all of the projects benefiting from this program.

As stated, this budget reflects where the Mayor and City Council desired to go in terms of several key areas of the strategic plan and which we will now finalize. I will mention a couple here and expand upon all of them during the budget deliberation process. However, I want to reiterate that we are moving forward with the continuing growth of our community and expansion of City services without a tax rate increase in FY25.

To restate the vision and focus areas put forth and approved by the body in 2021, they are:

VISION: The City of Hagerstown will inspire an inclusive, business-friendly, and sustainable community with clean, safe and vibrant neighborhoods.

FOCUS AREAS: Neighborhood Revitalization and Sustainability
Public Safety
Public Facilities and Infrastructure
Economic Development

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2025

Citizen-Based Government
Fiscal Accountability
Parks & Recreation for Active/Healthy Living
Innovative/Progressive Government
Community Promotion
Economic Development through Sports Tourism
Miscellaneous Goals / Legislative Priorities

Staff have been incorporating the vision and focus areas into our daily work processes, including introductions of resolutions and ordinances, agenda setting, and in the development of this proposed budget. I have chosen a couple of focus areas to highlight and can expand on these and others as we go through the proposed budget deliberation cycle.

"Government's first duty and highest obligation is public safety."
Arnold Schwarzenegger

The City has taken great strides in ensuring the residents of and visitors to the City are safe. Arguably the most impactful project undertaken by the Hagerstown Police Department in the last decade has been the acquisition of 16 drones of various sizes and capabilities. These drones provided flexibility and access that neither officers nor vehicles had the ability to obtain. These drones single-handedly addressed and removed the nuisance of street bikes running rampant throughout urban streets, sending a message to those looking to illegally operate these vehicles within the City that there was no safe place for them to go.

We have also listened to the community over the past several years in their desire to provide an alternate response option to our law enforcement efforts. Alternative response units within law enforcement offer a myriad of benefits that complement traditional policing methods, fostering a more comprehensive and nuanced approach to public safety. Firstly, these units often specialize in addressing specific community needs, such as mental health crises, substance abuse issues, and homelessness. By deploying trained professionals equipped with expertise in these areas, alternative response units can de-escalate situations more effectively, reducing the likelihood of violence and promoting outcomes that prioritize individual well-being.

Moreover, these units help alleviate the burden on law enforcement officers by diverting non-violent or low-level incidents away from traditional policing channels. This not only allows police to focus on more serious crimes but also helps prevent unnecessary criminalization of individuals experiencing social or behavioral challenges. By offering tailored interventions, such as access to social services, mental health support, or substance abuse treatment, alternative response units address underlying issues that contribute to crime and public disorder, fostering long-term solutions and community resilience.

Additionally, alternative response units can enhance trust and collaboration between law enforcement agencies and the communities they serve. By engaging with residents in a non-coercive and supportive manner, these units help build positive relationships, increase communication, and promote mutual understanding. This can lead to greater community cooperation, improved reporting of crimes, and enhanced crime prevention efforts, ultimately contributing to safer and more inclusive neighborhoods.

Overall, alternative response units offer a multifaceted approach to law enforcement that prioritizes compassion, collaboration, and community-driven solutions. By embracing innovation and flexibility, these units have the potential to transform the landscape of public safety, fostering healthier, safer, and more resilient communities for all. This budget begins the building of this unit and hopeful the impacts are seen quickly.

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2025

"Good is the enemy of great."

Jim Collins

Many municipalities struggle with aging infrastructure such as roads, bridges, water systems, and sewer systems. Repair and maintenance costs can be substantial. This budget looks to pick back up on addressing the infrastructure work that was deferred either during the economic slowdown or the COVID era supply chain struggles which are slowing being resolved through the completion of projects utilizing ARPA funding, capital projects funding through the general fund, and utilities infrastructure upgrades funding through regular operations or external financing.

The City of Hagerstown Water and Wastewater departments manage and maintain one of the highest quality systems in the tri-state area. However, infrastructure that in areas is almost 100 years old is showing its wear and needs replacement. As stated above, these upgrades are extremely costly and will require years of planning and construction to mitigate and complete. This budget begins to address this issue through the proactive maintenance of our systems miles of transmission pipes and pump stations, as well as looking to the future with a master plan for expansion of our system to accommodate the increasing interest and development of lands in Hagerstown and Washington County.

This budget will also transfer from ARPA funding to general funding for a new position of Grants Administrator in our Accounting and Finance department. This position is imperative to help the City identify funding offered by State, Federal, and private foundations to supplement or complement internal City expenditures. The City has for too long, through the inability to focus more closely on this opportunity for funding, allowed sources available to municipalities to go unrecognized. We are hopeful that more intense scrutiny and application to agencies offering these grants will provide even more opportunities to accelerate our capital replacement programs.

"If there is no struggle, there is no progress."

Frederick Douglass

The City will face challenges financially to cover the rising costs of materials, health benefits, pension obligations and employee recruitment and retention. We are experiencing the same high cost and low availability of some materials as are being experienced in the private sector. Though doing the best we can to identify the low-cost options on these materials, you cannot sacrifice quality to maintain low pricing. To that end, our capital improvement plan took on an additional focus of realizing these materials and labor increases in prioritizing those projects that not only will provide the most benefit to the taxpayer but those that will be the most cost efficient to achieve. The ARPA funding that allowed us to pursue projects that had been either sidelined or cut completely is allocated and will expire on December 31, 2024, halfway through this fiscal year.

Of more significant impact to the budget is the rising cost of health insurance. Being a self-insured entity, the City has not raised the premiums for employees in over a decade. Hard decisions are going to have to be made to be able to cover the 16.7% increase in our health insurance costs, which would amount to a \$1.2 million additional hit to our budget. Our employee health benefits have been historically a "Cadillac" style system for many years. However, our economic environment and overall health industry increases across the board will require unfortunately more diligent study during this budget year.

We also must work to shore up our Police & Fire Pension fund to ensure that the fund stays solvent for years to come. The City has historically funded 100% of the actuary's recommended employer contribution amount. The employee contribution is 9% with the elected body's approved increases to the City contribution rate covering the shortfall. This is unfortunately an unsustainable situation moving

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2025

forward, and we will work with our actuary to ensure that calculations are made that ensure adequate funding to get this pension system to a higher funded percentage over time. Again, this will require some difficult conversations and potentially unpopular outcomes. These decisions will only be made with the viability of the plan, and its benefit to the retiree in mind.

Our third challenge is in the recruitment and retention of staff. We are in an increasingly competitive job market in the post-COVID environment, and we must re-evaluate our pay structure and benefits strategies to ensure we are recruiting the best people we can and retaining the high-quality staff currently employed by the City. We have already begun doing some of this in FY24 with tweaks to our leave policies and compensation plans to retain and recruit a younger generation that may not look at public service as a profession. However, we must do more. This will involve a full evaluation of our pay strategy for both union and non-union personnel. We will also look at our inventory of part-time and seasonal positions and make determinations on viability and compensation given the changing job environment and the higher minimum wage that must be paid.

Though I do appreciate the fact that we have been able to handle budgets over the past several years without tax increases, I feel those days are numbered as we move through this economic environment in which we operate.

"It is hard to argue that housing is not a fundamental human need. Decent, affordable housing should be a basic right for everybody in this country. The reason is simple: without stable shelter, everything else falls apart."

Matthew Desmond, *Evicted: Poverty and Profit in the American City*

Many urban areas face a shortage of affordable housing, leading to issues of homelessness and housing insecurity. Municipalities must find ways to provide affordable housing options for residents. Through legislative means we have been able to streamline the process for the redemption of tax sale properties that are habitually returned to the City from the county as "no-bid" parcels and will continue to work on the movement of these parcels back on to the tax rolls to again have productive use for the community. We must work to provide assurances to our middle- and low-income residents and their families that they will have quality and safe housing stock from which to buy or rent. This involves working on housing programs through our DCED group as well as through the review and enforcement of housing codes. The City can no longer accept situations where disadvantaged or displaced residents have no alternative from which to live either temporarily or permanently that are not built or maintained to a level that provides a quality of life all people deserve. This budget addresses that through continuation of housing assistance programs and the full staffing of the Code Enforcement department.

The City must also step out of the box and look at innovative programs to house those less fortunate or living from place-to-place while providing them the opportunity to get the wrap around services they need to return to a normal living environment. In partnership with local social service agencies, one such program is that of a tiny house village. The focal point of a tiny village is usually the tiny houses themselves. These are small dwellings, typically ranging from a few hundred to a few thousand square feet, designed to maximize space efficiency while minimizing environmental impact. Many tiny villages prioritize sustainability by incorporating green building techniques, renewable energy sources (such as solar panels), and efficient use of resources like water and waste management systems. These villages would provide a safe place to live while also providing those services within the community that are necessary to re-establish active functioning within the community. It would also decrease the number of residents utilizing local hotels as their last, and usually most available and most dangerous, option to live.

"You don't become what you want, you become what you believe."

Oprah Winfrey

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2025

The quote above is fitting for this section of the message. The Hagerstown Fieldhouse and Meritus Park have been a vision of elected bodies of the City for decades. Through believing that these projects could be accomplished, and staying steadfast in that belief, reality has arrived. These two facilities, in conjunction with our Fairgrounds Park and Hagerstown Ice Rink, will establish Hagerstown as the "Hub City of Sports Tourism" in our region.

The Hagerstown Fieldhouse is a City project that will enable residents and visitors from our 5-state region to participate in indoor individual and team athletics such as soccer, basketball, volleyball, pickleball, and several other activities. It will fill a void in our region for the ability to have a 365 day a year athletic opportunity while also providing an economic and no strings attached option for our youth to participate.

Meritus Park will be the crown jewel of our downtown and provide tourism and economic development transformation to our City. Having a full-service conference and event facility such as Meritus Park, not to mention a high-quality professional baseball organization again in Hagerstown, will make Hagerstown a destination not just for a day but for an extended stay period. Both projects, as well as the expanded community event and festival calendar, will instill a vibrancy back to our community not seen in decades.

A vibrant community is one where residents actively engage with each other, participate in community events and activities, and feel a strong sense of belonging. Vibrant communities foster opportunities for social interaction through events, gatherings, clubs, and shared spaces. These interactions help build relationships, strengthen social networks, and create a sense of camaraderie among residents. Embracing cultural diversity enriches a community by bringing together people from different backgrounds, traditions, and perspectives. Celebrating cultural festivals, promoting multiculturalism, and supporting inclusive practices contribute to a vibrant community fabric.

A thriving local economy supports community vibrancy by providing job opportunities, supporting local businesses, and promoting entrepreneurship. Vibrant communities often have bustling main streets, farmers' markets, and artisanal shops that contribute to a sense of vitality and identity. Access to arts and cultural activities enhances community vibrancy by inspiring creativity, fostering expression, and creating shared experiences. Cultural institutions, public art installations, community theaters, and music venues contribute to a rich cultural landscape and serve as gathering points for residents. Residents of vibrant communities have a strong sense of pride in their neighborhood or town and feel connected to its history, traditions, and landmarks. Celebrating local heritage, preserving historic sites, and promoting community pride contribute to a sense of identity and belonging.

By nurturing these elements, communities can enhance their vibrancy and create environments where residents thrive socially, economically, culturally, and emotionally. These two projects, our expanded events calendar, and the economic development that will be generated by all of these and more will truly be transformational for Hagerstown and Washington County.

"Optimism isn't a belief that things will automatically get better; it's a conviction that we can make things better."
Melinda Gates

This administration should be proud of the accomplishments they have made during this term, especially given the added curveball of a post-COVID economic environment. The staff is proud to have been able to partner with you in this effort and appreciate your support throughout. As Mayor Martinez so aptly expressed, "Hagerstown is good ground", and the optimism that this community has as a whole in the future of our town is a direct result of your efforts, as well as those of former Mayor Keller and Councilman Bruchey, during this administration. The conviction that this community will be made better is one I am optimistic will continue into the next administration that will take a seat in the second half of FY25. I am hopeful that this budget will directly address and be a vehicle for the continued forward movement of this community.

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2025

HAGERSTOWN'S ASSESSABLE BASE AND PROPERTY TAX RATE

The 2024 Constant Yield Tax Rate notice from the State Department of Assessments and Taxation (SDAT) indicates a July 1, 2025 constant yield tax rate of \$0.9410 per \$100 for all real estate classifications. The constant yield tax rate is the calculated amount needed to maintain the current revenue levels in the next fiscal year and is based on estimates. The total amount reflected by SDAT as the constant yield tax rate is lower than the current real estate tax rate charged of \$1.002 per \$100 for all real estate classifications. This simply means that the current estimates reflect an overall growth of 6.5% in assessed values will occur which would generate approximately \$2.1M more in revenue than the current fiscal year if the tax rate remains the same.

FY25 is the second year of the triennial assessment period which means that real estate market values will be reassessed again in December 2025. New developments, renovations within the City's Enterprise Zone area, and annexations continue to play a vital role in the growth of the overall assessed base. As a result, the FY25 Proposed Budget includes a growth estimate of 6.9% instead of the 6.5% estimated by SDAT. The majority of all revenue in the City's General Fund is from total property revenue which includes personal property tax. In fact, total property tax revenues represent 66.2% of current revenue sources in the FY25 Proposed Budget or 63.8% of all revenue sources when including transfers and fund balance utilization.

A fifteen-year history of the change in the City's assessable tax base and property tax revenues is included in Section 2 page 6.

While property tax revenue is important to City operations, it impacts all citizens and business owners. The City strives to be fiscally prudent while balancing the needs of the surrounding community. The below charts reflect costs residential homeowners will pay on average based assessed home value and the impact when assessed values increase:

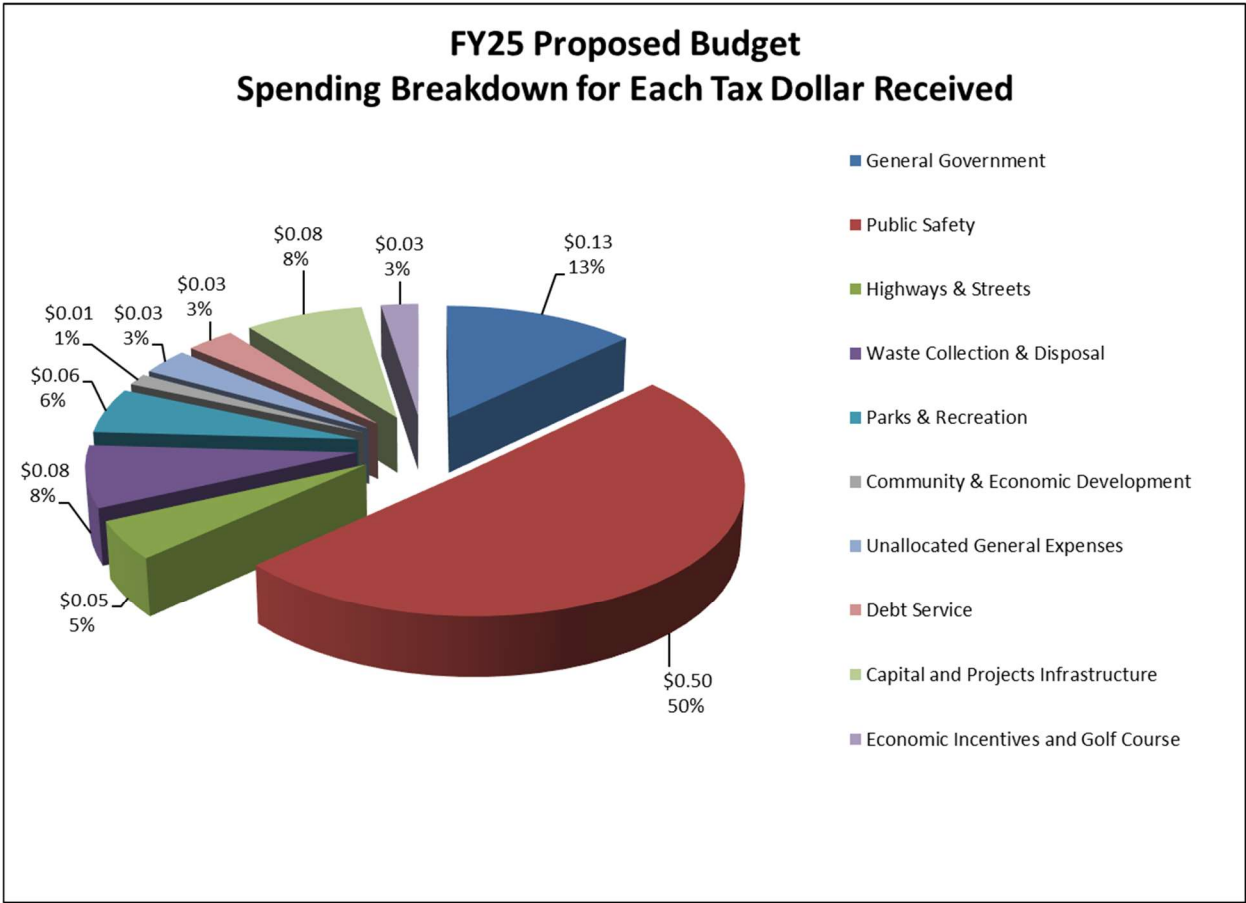
Estimated Average Homeowner Tax Bill:

Current Home Values	1.002		1% Assessed Value Change	1.002	
	Annual Payment	Monthly Average	Annual Payment Change	Monthly Average Change	
\$ 75,000	\$ 751.50	\$ 62.63	\$ 750	\$ 7.52	\$ 0.63
\$ 100,000	\$ 1,002.00	\$ 83.50	\$ 1,000	\$ 10.02	\$ 0.84
\$ 125,000	\$ 1,252.50	\$ 104.38	\$ 1,250	\$ 12.53	\$ 1.04
\$ 150,000	\$ 1,503.00	\$ 125.25	\$ 1,500	\$ 15.03	\$ 1.25
\$ 200,000	\$ 2,004.00	\$ 167.00	\$ 2,000	\$ 20.04	\$ 1.67
\$ 250,000	\$ 2,505.00	\$ 208.75	\$ 2,500	\$ 25.05	\$ 2.09
\$ 300,000	\$ 3,006.00	\$ 250.50	\$ 3,000	\$ 30.06	\$ 2.51

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2025

HAGERSTOWN'S ASSESSABLE BASE AND PROPERTY TAX RATE (CONTINUED)

How is property tax revenue spent? The majority of property tax dollars will be spent to maintain existing City services at current levels; provide salary enhancements as approved in collective bargaining union contracts; cover increasing costs of employer paid benefits; invest in capital infrastructure improvements; and accommodate annual debt service requirements. The chart below reflects a little more detail and specifics on how the City spends each tax dollar received:



CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2025

AMERICAN RESCUE PLAN ACT OF 2021

The American Rescue Plan Act of 2021 (ARPA) provided the City of Hagerstown a total of \$20.4 million. \$10.2 million was received in May 2021, and the remaining \$10.2 million in funding was received in June 2022. As of December 31, 2023, the City has spent \$8.1M or 39.8% of ARPA funds. The funding must be spent or appropriated by December 2024. The chart below details total appropriations and spend as of March 31, 2024.

Funding Source: American Rescue Plan Act of 2021 (ARPA)	ARPA Expenditure Category	Capital Project Number	FY21, FY22 & FY23 Actual	FY24 Estimated Actual	FY25 Proposed Budget
General Fund					
Employee Premium Pay	Premium Pay	N/A: Operating	1,517,865	-	-
Accounting Grant Coordinator Position	Administrative	N/A: Operating	159,840	97,717	51,265
Police Body Worn Camera Maintenance Costs	Neg Econ Imp Pub Sect	N/A: Operating	217,644	174,265	174,265
Police Community Outreach Coordinator	Neg Econ Imp Pub Sect	N/A: Operating	77,225	94,393	50,750
Parks Hagerstown Fairgrounds PAL Roof	Revenue Replacement	N/A: Operating	424,332	-	-
FSU HUB@USMH Early Childhood Learning Program	Neg Econ Impact	N/A: Operating	20,250	-	-
Police: Drones	Neg Econ Imp Pub Sect	N/A: Operating	140,371	-	-
Trash Collection Totes	Revenue Replacement	N/A: Operating	38,014	961,986	-
Convention & Visitors Bureau (CVB)	Neg Econ Impact	N/A: Operating	104,381	20,969	-
Goodwill Homeless Quarantine Program	Public Health	N/A: Operating	13,150	-	-
Restaurant Ready Grant Program	Neg Econ Impact	N/A: Operating	-	234,573	-
Heart of the Art - Support Local Artists and Bands	Neg Econ Imp Pub Sect	N/A: Operating	1,400	23,600	-
Public Safety: Facility Emergency Equipment	Neg Econ Imp Pub Sect	N/A: Operating	-	117,841	-
Brothers United Who Care	Neg Econ Impact	N/A: Operating	-	25,000	-
ENVY Initiatives	Public Health	N/A: Operating	-	25,000	-
Economic Assistance for NonProfits - 19 Grants at \$961,036	Neg Econ Impact	N/A: Operating	-	961,036	-
32 N Potomac Building: Acquisition	Public Health	45-C0854	800,522	-	-
32 N Potomac Building: Customer Service Payment Kiosk	Neg Econ Impact	45-C0854	-	57,781	-
32 N Potomac Building: Partial Funding Customer Lobby Renovation	Neg Econ Impact	45-C0854	440,327	884,673	-
City Hall Improvements: Elevator	Neg Econ Imp Pub Sect	45-C0326	11,300	1,158	579,322
Fire Ladder Truck: Partial Funding	Revenue Replacement	45-C0010	732,336	467,664	-
Fire Facilities: Natural Gas Generator	Revenue Replacement	45-C0870	-	132,533	-
Fire: Flashover Simulator	Neg Econ Imp Pub Sect	45-C0241	-	-	100,000
Fire: Community Risk Reduction Boards	Neg Econ Imp Pub Sect	45-C0871	-	-	150,000
Hagerstown Ice Rink: Partial Funding Air Quality and Condensation Unit	Public Health	45-C0843	190,425	-	-
Information Technology: 2-Factor Authentication Software	Neg Econ Imp Pub Sect	45-C0006	26,675	-	-
Information Technology: Citywide Software Office 365 Implementation (Telework)	Neg Econ Imp Pub Sect	45-C0006	81,937	79,957	-
Information Technology: Citywide Phone System Upgrade (Telework)	Revenue Replacement	45-C0006	-	-	75,000
Information Technology: Arctic Wolf Software (Cybersecurity)	Revenue Replacement	45-C0006	-	97,907	-
Parks: Wheaton Park Phase II Improvements	Neg Econ Imp Pub Sect	45-C0293	-	-	250,000
Parks: Hellane Park Fence	Neg Econ Imp Pub Sect	45-C0665	-	-	45,000
Police: Firing Range Security Gate and Improvements	Neg Econ Imp Pub Sect	45-C0226	23,900	12,659	40,000
Police: Operation Take Back Cameras	Neg Econ Impact	45-C0130	-	185,029	-
Police: Community Outreach Vehicle	Neg Econ Imp Pub Sect	45-C0129	-	43,200	-
Public Works/Parks: Backhoe	Revenue Replacement	45-C0570	128,414	-	-
Public Works Fuel Station Management and Tank Gauge System	Revenue Replacement	45-C0352	-	12,575	-
Public Works Vehicles: Trash Truck	Revenue Replacement	45-C0065	-	121,875	-
Engineering: Professional Court Extension: Partial Funding	Revenue Replacement	45-C0685	-	1,150,000	-
Engineering: Survey Grade RTK GPS Receiver	Revenue Replacement	45-C0132	-	-	13,000
Engineering: Traffic Signal Upgrades at Antietam Street & Summit Ave & Salem Ave & West Side Ave	Revenue Replacement	45-C0243	-	300,000	500,000
Engineering: Sidewalk Replacement Program	Revenue Replacement	45-C0458	-	-	135,000
Subtotal General Fund:			5,150,307	6,283,391	2,163,602
Electric Fund					
Employee Premium Pay	Premium Pay	N/A: Operating	134,563	-	-
Subtotal Electric Fund:			134,563	-	-
Water Fund					
Employee Premium Pay	Premium Pay	N/A: Operating	252,978	-	-
Subtotal Water Fund:			252,978	-	-
Wastewater Fund					
Employee Premium Pay	Premium Pay	N/A: Operating	215,300	-	-
Camera Truck: Mainline and Lateral Launcher (approved in FY22)	Revenue Replacement	54-C0004	415,137	-	-
East End Pump Station #33: Funding for Construction of new Pump Station at Hebb R	Infrastructure	54-C0565	-	3,000,000	1,700,000
Pump Station #11 Generator Replacement	Revenue Replacement	54-C0352	-	40,927	-
Subtotal Wastewater Fund:			630,437	3,040,927	1,700,000
Parking, Golf, and Stormwater Funds:					
Employee Premium Pay	Premium Pay	N/A: Operating	32,295	-	-
32 N Potomac Building Acquisition (approved in FY22)	Public Health	56-ARP06	24,478	-	-
Hagerstown Field House: Stormwater modifications	Infrastructure	59-C0634	-	-	410,000
Subtotal Parking, Golf, and Stormwater Funds:			56,773	-	410,000
Total ARPA Funding Used			6,225,057	9,324,318	4,273,602

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2025

APPROPRIATION OF GENERAL FUND RESERVES

The City has a Fund Balance/Retained Earnings policy and adheres and remains with key guidelines of this policy. Specific policy details are reflected in Section 9 on pages 4-5 of this budget book document. The City does not utilize fund balance reserves for recurring operating type of expenditures. However, the City may utilize General Fund balance reserves when balances exceed the policy limits for capital infrastructure needs. A five year history of Unassigned Fund Balance is reflected in the chart below:

General Fund Reserve	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Actual	FY23 Actual
Unassigned Fund Balance	12,378	12,563	16,679	15,574	18,383
Total Operating Expenditures	42,625	42,909	43,147	44,364	46,460
Percentage	29.0%	29.3%	38.7%	35.1%	39.6%
Number of Month Expenditures	3.5	3.5	4.6	4.2	4.7
City Fund Balance Policy Minimum Target					
Percentage	17.0%	17.0%	17.0%	17.0%	17.0%
Number of Month Expenditures	2.0	2.0	2.0	2.0	2.0

As a result of prior General Fund surplus and approved capital utilization, the FY25 Proposed Budget does include the appropriation and reallocation of General Fund reserves as a means to reduce General Fund direct transfers to CIP (Pay-go) and to help balance the budget. The balance of previously approved fund balance utilization included is \$1.6M to fund a variety of needs across General Fund departments. As a result of infrastructure needs, bond capacity reserved for the Hagerstown Field House and the 3rd Parking Deck, and strong FB reserves, there is planned utilization of an additional \$600.0K in the FY25 Budget. While complete listings with detailed information of each of the projects are reflected in Section 7 under the CIP projects, a summary chart is included below for reference:

Funding Source: General Fund FB Reserves	Capital Project Number	FY25 Proposed Bud
Previously Approved and Reallocated Surpluses:		
City Hall	45-C0326	75,000
Steam Engine Museum	45-C0439	137,000
Consolidation of Public Safety Assets	45-C0687	500,000
Fire Facilities and Temporary Location	45-C0870	890,000
Subtotal Reallocated Use of FB Reserves:		1,602,000
Additional FB Reserves:		
Public Safety Technology Cameras	45-C0130	100,000
Public Safety Radios	45-C0849	500,000
Subtotal Additional FB Reserves:		600,000
Total General Fund FB Reserves Used		2,202,000

Details of ending General Fund Balance, including the unassigned reserve, can be found in Section 2 on the bottom of page 2.

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2025

ECONOMIC INCENTIVES AND INCENTIVE PROGRAMS

One focus area of the Mayor & Council Strategic Plan is Economic Development and being business-friendly to support the community's needs. Economic Development encompasses a variety of departments, projects, programs, and services. To this end, the City has many types of incentive program and initiatives it provides as a vital component to supporting business growth and helping to grow strong neighborhoods. Some of the incentives are strictly locally administered and funded while others are administered and funded by various parties. The chart below summarizes at a very high level the majority of City administered and City funded incentives that are included in the FY25 Proposed Budget:

City Administered and City Funded Incentive Programs	City Fund	FY25 Proposed Budget
Individual/Customized Incentives Customized incentives primarily for businesses	Economic Redevelopment	35,000
Spring Sprout Grants For-profit businesses in downtown CC-MU zoning district Funding is combined total with Individual/Customized Incentives	Economic Redevelopment	Included above
Invest Hagerstown City Center Redevelopment Grant Program City-wide Redevelopment Grant Program Home Ownership Grant Program Rental Property Rehab Grant Program Façade Grant Program	Economic Redevelopment	500,000 185,000 165,000 80,000 45,000
Partners in Economic Progress (PEP) Property owners & businesses in downtown CC-MU zoning district	Economic Redevelopment	131,500
Community Legacy Vacant White Elephant Buildings Upper Floor Market Rate Housing Development Vacant Store Fronts Acquisition/Rehab of Blighted Buildings	Economic Redevelopment	200,000 200,000 100,000 75,000
Student Housing Rental Guarantee and New Student Housing projects USMH Housing rental guarantee	Economic Redevelopment	26,000
Single Family Rehab Loans & Rental Rehab Loans Owner-occupied homeowners & investment owners of residential or mixed-use property city wide	CDBG	33,000
Emergency Repair Grants Owner-occupied homeowners city wide	CDBG	105,000
Stormwater Management Large scale incentive projects	SWM	125,000
Total City Administered and City Funded Incentive Programs		2,005,500

A few other incentives that are administered by other parties have a direct impact in other ways to the City's budget and include:

- Arts & Entertainment (A&E) District incentives which is a State of Maryland Program and provides ten year tax credits on changes to assessed values from specific renovations projects; exemption from Admissions & Amusement Tax; and personal income subtractions for qualifying resident artists.
- Enterprise Zone Credit which is a State of Maryland Program and provides real estate property tax credits; and income tax credit for wages paid to eligible new employees.
- US Federal programs include: HUB Zone and Opportunity Zone

Again, the chart above is a summary only. For complete details and requirements on all of the incentives, please visit the City's website at www.hagerstownmd.org/dced for more information.

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2025

COMMUNITY AMENITIES PROVIDED BY THE CITY

The City is committed to not only providing vital services to the community and citizens but also a wide range of amenities. The variety of amenities include green parks, open spaces, a municipal golf course, a municipal pool, parking decks and spaces, a historic farmers market, and many different events throughout the year. These amenities offer recreation opportunities for families and citizens to enjoy and participate with neighbors. Several of the Mayor and Council focus areas in the Strategic Plan 2021-2024 for the next several years center around providing amenities and the positive impact these enhancements provide to the community.

The amenities listed in the chart below are included in various sections and funds in the FY25 Proposed Budget. The chart below reflects and outlines the revenue and costs associated with providing this assortment and range of Community amenities across the City:

CITY OF HAGERSTOWN
SCHEDULE OF AMENITIES
FISCAL YEAR 2024 PROJECTED AND FISCAL YEAR 2025 BUDGET

AMENITY DESCRIPTION	FISCAL YEAR 2024 PROJECTED ACTUAL					FISCAL YEAR 2025 PROPOSED BUDGET				
	DIRECT REVENUE	DIRECT OPERATING EXPENSE	FUNDING FOR CAPITAL BY EXTERNAL PARTIES	CAPITAL EXPENSES	TOTAL	DIRECT REVENUE	DIRECT OPERATING EXPENSE	FUNDING FOR CAPITAL BY EXTERNAL PARTIES	CAPITAL EXPENSES	TOTAL
General Fund:										
Farmer's Market	\$ -	\$ 3,024	\$ -	\$ -	\$ (3,024)	\$ -	\$ 2,000	\$ -	\$ -	\$ (2,000)
Potterfield Pool	93,200	303,386	-	12,000	(222,186)	93,500	306,053	-	-	(212,553)
Hager House	4,802	58,770	12,500	15,500	(56,968)	4,800	59,639	100,000	200,000	(154,839)
Train Museum	6,028	37,010	-	14,574	(45,556)	3,550	41,263	633,000	793,000	(197,713)
Hagerstown Field House	-	-	601,643	12,592,812	(11,991,169)	-	-	3,525,000	12,090,000	(8,565,000)
All Other Parks*	92,919	2,091,422	740,285	971,072	(2,229,290)	86,357	2,330,393	1,010,500	1,651,000	(2,884,536)
Ice Rink	36,000	95,724	-	108,376	(168,100)	-	95,000	48,000	48,000	(95,000)
All Other Recreation Events	69,800	466,199	-	31,200	(427,599)	67,900	497,855	-	45,000	(474,955)
Public Functions	67,502	208,130	-	-	(140,628)	800	210,670	-	-	(209,870)
Recreation	18,154	94,000	-	-	(75,846)	15,600	95,000	-	-	(79,400)
Subtotal General Fund	388,405	3,357,665	1,354,428	13,745,534	(15,360,366)	272,507	3,637,873	5,316,500	14,827,000	(12,875,866)
Golf Fund:										
Golf Course	377,900	567,850	-	75,000	(264,950)	388,400	715,305	-	107,000	(433,905)
Subtotal Golf Fund	377,900	567,850	-	75,000	(264,950)	388,400	715,305	-	107,000	(433,905)
Parking Fund:										
Parking Decks	570,157	1,440,284	-	11,580,036	(12,450,163)	878,000	1,356,297	-	25,000	(503,297)
Parking Lots	312,140	300,703	-	-	11,437	280,740	299,250	-	10,000	(28,510)
All Other Parking Fund	551,338	108,172	-	10,000	433,166	167,002	162,357	-	-	4,645
Subtotal Parking Fund	1,433,635	1,849,159	-	11,590,036	(12,005,560)	1,325,742	1,817,904	-	35,000	(527,162)
Property Management Fund:										
Property Management	281,640	417,606	-	17,700	(153,666)	257,365	444,755	-	90,000	(277,390)
Burobox	(50)	3,500	-	-	(3,550)	-	3,000	-	-	(3,000)
Subtotal Property Management Fund	281,590	421,106	-	17,700	(157,216)	257,365	447,755	-	90,000	(280,390)
Total	\$ 2,481,530	\$ 6,195,780	\$ 1,354,428	\$ 25,428,270	\$ (27,788,092)	\$ 2,244,014	\$ 6,618,837	\$ 5,316,500	\$ 15,059,000	\$ (14,117,323)

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2025

MAYOR AND COUNCIL FISCAL WORK SESSIONS AND DISCUSSIONS

During FY24, the City has devoted time to financial related topics during Mayor and Council work sessions. The following schedule is a reminder of these. Hopefully, these discussions serve to assist you throughout the year and help you make informative FY25 Budget decisions.

July 11, 2023	<p>Discussion:</p> <ul style="list-style-type: none"> 2023 Maryland Legislative Session Wrap-Up and Engagement Agreement with Compass Advocacy Reese Development – Water and Wastewater Service American Rescue Plan Act (ARPA) Quarterly Update and ARPA Nonprofit Funding Request Program Request for Extension to City Water and Wastewater Approval: TC Mid Atlantic Development V, LLC Downtown Event Grant Process
July 18, 2023	<p>Discussion:</p> <ul style="list-style-type: none"> 911 Center Memorandum of Understanding Field House Update Yiftee – Downtown Gift Card for Main Street Program 2023 Vintage Markets Annexation of 13-17 Western Maryland Parkway Proposed Invest Hagerstown/PEP Guidelines Update Review of Lease Holdover Extension for DLLR Tax Sale Properties <p>Approvals:</p> <ul style="list-style-type: none"> Revised Grant Agreement for Hagerstown Field House
July 25, 2023	<p>Approvals:</p> <ul style="list-style-type: none"> Annexation Plan for 13-17 Western Maryland Parkway Introduce Annexation Resolution for 13-17 Western Maryland Parkway Supplemental Lease Agreement with State for State Department of Assessments and Taxation (SDAT) Parking Snow Services Contract with Hartland Earthworks, LLC Memorandum of Understanding (MOU) with County Commissioners for 911 Center Compass Partners Contract Lease Holdover Extension with Maryland Department of Labor, Licensing, and Regulation, Division of Occupational Health TC Mid Atlantic Development V, LLC request for Water and Wastewater Reimburse the Washington County Narcotics Task Force for FY24 Purchase Equipment for Hagerstown Police Department City Wide Camera Expansion Apply for the BJAG- CRO/COAT OT Grant Accept Community Program Fund Grant Accept Maryland Criminal Intelligence Network Grant ARPA State and Local Fiscal Recovery Funds (SLFRF) Non-profit Funding Program
August 1, 2023	<p>Discussion:</p> <ul style="list-style-type: none"> Urban Tree Grant Program Advanced Metering Infrastructure Letter related to the Financial Incentive agreement for The Holly Project: 72 W. Washington Street

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2025

MAYOR AND COUNCIL FISCAL WORK SESSIONS AND DISCUSSIONS (CONTINUED)

August 8, 2023	<p>Discussion:</p> <ul style="list-style-type: none"> Reallocation of Sumer Camp Funding for R. W. Johnson Community Center Hagerstown Field House Project Progress Update Citywide Trash and Recycling Collection Contract Design of Replacement Traffic Signals Wastewater Treatment Plant: Pelletizer Facility Operations Contract 2023-2024 Police Recruitment Grant Acceptance <p>Approvals:</p> <ul style="list-style-type: none"> Approve letter related to Financial Incentive Agreement for The Holly Project: 72 W. Washington Street Accept Police Recruitment Grant
August 15, 2023	<p>Discussion:</p> <ul style="list-style-type: none"> Cultural Trail Design Discussion and Maryland Stadium Authority Washington County Museum of Fine Arts Expansion Project Update Update on Reallocation of Summer Camp Funding for R. W. Johnson Community Center Advanced Metering Infrastructure Deployment Plan
August 22, 2023	<p>Approvals:</p> <ul style="list-style-type: none"> Reallocate Funding Previously Authorized for the Summer Camp Program Contract with Pay-By-Phone Technologies Addendum to Two Loan Agreements with the Washington County Historical Society, Inc. Agreement with Hagerstown/Eastern Panhandle Metropolitan Planning Organization (HEPMPO) to fund the Hagerstown SS4A Action Plan Funding for Advanced Metering Infrastructure Chesapeake Bay Trust Grant Contract for Trash and Recycling Collection Services Operations Professional Service Agreement for the Pelletizer Facility with New England Fertilizer Company
September 12, 2023	<p>Discussion:</p> <ul style="list-style-type: none"> Review of Draft County Comprehensive Plan 2040 Antietam Creek Alternate Source Water Supply
September 19, 2023	<p>Discussion:</p> <ul style="list-style-type: none"> Brighton Manor Stormwater Management Pond Project Update and Deadlines: 49 & 37 Jonathan Street – City Sprouts, LLC BuroBox: 60 W. Washington Street Opening Legislative Priorities Discussion for Maryland General Assembly 2024 <p>Approvals:</p> <ul style="list-style-type: none"> Introduce Ordinance for Conveyance of City Property and Granting a Temporary Construction Easement to the Board of County Commissioners on Crystal Falls Drive
September 26, 2023	<p>Approvals:</p> <ul style="list-style-type: none"> Conveyance of City Property and Granting a Temporary Construction Easement to the Board of County Commissioners on Crystal Falls Drive Quit Claim – Alley #2-82A Outgoing Loan Agreement with Washington County Historical Society Amendment to Memorandum of Understanding for School Resource Officers Extension of Invest Hagerstown City Center Redevelopment Grant for 49 and 37 Jonathan Street – City Sprouts, LLC

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2025

MAYOR AND COUNCIL FISCAL WORK SESSIONS AND DISCUSSIONS (CONTINUED)

October 3, 2023	Discussion: Community Coalition 2023 Lobbying Review Invest Hagerstown & Partners in Economic Progress (PEP) Guidelines and Application updates Tax Sale Properties Antietam Creek – Alternate Water Supply Source
October 10, 2023	Discussion: Heart of the Civil War Heritage Area Funding Request Restoration of Deputy Fire Chief Position City's Legislative Priorities for 2024 Maryland General Assembly Councilmember Robert E. Bruchey, II resigned from the Council
October 17, 2023	Discussion: Purchase offer for 261 S. Prospect Street Hagerstown Field House: Award for Construction Contract Wholesale Power Services Agreement Municipal Utility Cybersecurity Program Hagerstown Police Department Grant Agreement with Washington County Health Department Contractual Part-time Police Officers
October 24, 2023	Approvals: Annexation of 13 & 17 Western Maryland Parkway Salt Utilization Agreement with Maryland State Highway Administration Authorizing the Sale of 261 S. Prospect Street \$ 25,000 ARPA Funding to Support the Hagerstown Youth News Corps Internship Program Subrecipient Agreement between Hagerstown Police Department and Washington County Health Department MOU with Child Advocacy Center MOU with Department of Alcohol, Tobacco, and Firearms After School Program at the Parkside Community Center Addition of Contractual Part-time Police Officers Hagerstown Field House Contract Holiday Parking Hours Funding for a Community Coalition Lobbyist FY24 Invest Hagerstown and Partners in Economic Progress (PEP) Program Guidelines Changes FY24 City Funding Support for Heart
November 6, 2023	Meeting with Washington County Delegation
November 7, 2023	Discussion: Public Artwork: Hub City Garage FY25 Budget – Agency Contributions ARPA Allocations and Update ARPA Nonprofit Funding Recommendations
November 14, 2023	Discussion: Council Vacancy Fire Response Discussion Items for Joint Meeting with Washington County Commissioners Sponsorship Signage at Flying Boxcars Stadium Purchase Offer for 263 S. Prospect Street Request for Proposals for Upper Floor Housing Grant Program Request for Proposals for Strategic Properties Grant Program Invest Hagerstown City Center Redevelopment Grant Application – 105-107 N. Potomac Street ARPA Nonprofit Funding Recommendations Summit Avenue Railroad crossing Aviation Resources Delaware, Inc. (ARDI) Agreement for Community Water Tank MDE Funding: Wastewater Division Hagerstown Police Department Contractual Overtime

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2025

MAYOR AND COUNCIL FISCAL WORK SESSIONS AND DISCUSSIONS (CONTINUED)

November 21, 2023	<p>Approvals:</p> <p>Appointment of Councilmember Peter E. Perini, Sr. Authorizing the Sale of Property Located at 263 S. Prospect Street Public Art Agreement for Hub City Garage Revised Subrecipient Agreement for Hagerstown Youth News Corps Internship Program MOU for Washington County Police Academy Power Purchase and Sale Agreement with AEP Energy Partners, Inc. RFP for Strategic Properties Grant Program RFP for Upper Floor Housing Grant Program City Center Redevelopment Grant Application for 105-107 N. Potomac Street – Firehouse Rentals, LLC</p>
December 5, 2023	<p>Approval:</p> <p>Capital Grant Agreement for Field House</p> <p>Discussion:</p> <p>Maryland Theatre Krumpe's Donut Drop Sponsorship Water and Sewer Infrastructure Follow-Up Proposed Amendment to Water and Wastewater Policy Update of County Hazard Mitigation Plan FY24 Axon Respond Plus</p>
December 12, 2023	<p>Approvals:</p> <p>Adopt the 2023 Washington County Hazard Mitigation Plan as the City of Hagerstown's Plan</p> <p>Discussion:</p> <p>FY23 Annual Comprehensive Financial Report FY23 General Fund Surplus Allocation Program Open Space Annual Grant Program ARPA – Nonprofit Funding Recommendations Update for Three Additional Organizations ARPA Restaurant Ready Grant Recommendations ENVY ARPA Discussion Fuel Allowance for Sworn Police Officers and Crime Lab Scientists</p>
December 19, 2023	<p>Discussion:</p> <p>Hagerstown Field House – Award of Furniture, Fixtures, and Equipment Procurement Contract</p> <p>Approvals:</p> <p>Eighteen Non-profit ARPA Subrecipient Agreements Subrecipient Grant Agreement for ARPA Restaurant Ready Grant Program Supplementation Parking Lease Agreement No. 2 for Parking with the State of Maryland, Judiciary, District Court Little League Electricity Only User Agreement with Federal Little League of Hagerstown, Inc. Accept Offer of Dedication for Star Drive, Plateau Court, and Klick Way by Hillside Manor, LLC \$ 35,366.00 of ARPA Funding to Support the Child and Adolescent Psychiatric Rehabilitation Program at The Mental Health Center of Western MD, Inc. FY25 Program Open Space Funding Application FY23 General Fund Surplus Allocations Amendment of the City's Water and Wastewater Policy ARPA Spending Plan for ENVY Initiative Amendment No. 1 to the Developer Agreement for the Hagerstown Field House to be located at 290 East Memorial Boulevard</p>

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2025

MAYOR AND COUNCIL FISCAL WORK SESSIONS AND DISCUSSIONS (CONTINUED)

January 9, 2024	<p>Approval: Amending City Code, Chapter 33, Code of Ethics, and Chapter 35, Ethics Commission</p> <p>Discussion: City Park Concession Stand Lease Forgiveness Public Art Proposal for Remaining City-owned Land near Park Circle 2024 City of Hagerstown Event Sponsorship Packet</p>
January 18, 2024	<p>Discussion: Public Resources Organizing to End Crime Together (P.R.O.T.E.C.T) Annexation of Building 1 at 55 Oak Ridge Drive Annexation of I-70 Right of Way at 18320 Col. Henry K. Douglas Drive and Col. Henry K. Douglas Drive Right-of-Way Project Update of 51-53 W. Washington Street – Blackthorn Capitol Partners, LLC Request for Extension to Water/Wastewater Policy Approval to Patton Hagerstown, LLC Lease Holdover for Department of Labor, Licensing, and Regulation (DLLR)</p>
January 30, 2024	<p>Approvals: Annexation Plan for 55 Oak Ridge Drive, Building 1 Annexation Resolution for 55 Oak Ridge Drive, Building 1 Annexation Plan for I-70 Right-of-Way, 18320 & 18306 Col. Henry K. Douglas Drive Annexation Resolution for I-70 Right-of-Way, 18320 & 18306 Col. Henry K. Douglas Drive Lease Renewal with WLR Property Management – 25 E. Franklin St. Operation of Hillside Manor Pump Station License Agreement with Ellsworth Properties, LLC for Public Art Patton Hagerstown, LLC Request for Extension of Approval of Water under the City's Water & Wastewater Policy Lease Holdover Extension – Department of Labor, Licensing, and Regulation (DLLR) Amending Invest Hagerstown Grant – 51-53 W. Washington St. Increase Pool Management Contract Amount for 2024 Season Lease Forgiveness - Concession Agreement with Nena's Curbside Café</p>
February 6, 2024	<p>Approval: Memorandum of Understanding for Public Resources Organizing to End Crime Together (P.R.O.T.E.C.T)</p> <p>Discussion: Update on Development Activity Blaine Properties, LP Annexation Legislative Bills Update</p>
February 13, 2024	<p>Discussion: Maryland Heritage Area (MHAA) Grants FY25 for Hager House Visitors' Center Retail Electric Rates FY25-FY27 Pavement Preservation Program</p>
February 20, 2024	<p>Discussion: Housing Authority Merger FY25 Downtown Event Grant Process Approval to Submit Application for FY24 Maryland SOLE Grant ARPA Allocations and Update Heavens Heights Homes, LLC Annexation Circuit Court Location Transient Housing Update Field House Operations Lease Agreement</p>

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2025

MAYOR AND COUNCIL FISCAL WORK SESSIONS AND DISCUSSIONS (CONTINUED)

February 27, 2024	Approvals: Annexation of Blaine Properties, LP Acquisition of Property – Hillside Manor Pump Station Introduce Ordinance for Conveyance of Pump Station 30 Lot Property Approve Annexation Plan – Heavens Heights Homes, LLC Introduce Annexation Resolution – Heavens Heights Homes, LLC Addendum to Agreement with Sierra Nevada Corporation Enforce Lease Agreement with DairyOne Terminate User Agreement with American Little League Terminate User Agreement with West End Little League New User Agreement with Hub City Little League Lease Agreement with ESM Hagerstown, LLC for Operation and Maintenance of Hagerstown Field House Terminate the Purchase Agreement for Property on Washington Street and Wakefield Road from Calvary Grace Brethren Church Memorandum of Understanding with State Highway Administration for Intersection Improvements at Potomac Street and Baltimore Street Conversion of Records Specialist Position from Part-Time to Full-Time City-Wide Mowing Contract for 2024 Final FY25 and Draft FY26 and FY27 Pavement Preservation Street Lists
March 5, 2024	State of the City

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EMPLOYEE WAGE ADJUSTMENT HISTORY AND FY25 PROPOSED

The following chart reflects the wage adjustments authorized by Mayor and Council through previous Fiscal Years back to FY21. It provides a good history of the City's employee pay adjustments.

FY21	<p>Non-Union: One step increase effective on anniversary date after 7/6/20</p> <p>IBEW 307: One step increase on anniversary date</p> <p>AFSCME 1540: One step increase on anniversary date</p> <p>AFSCME 3373: One step increase on anniversary date; average 10% COLA on 1/11/21</p> <p>IAFF 1605: One step increase on anniversary date</p>
FY22	<p>Non-Union: 1.75% COLA; one step increase effective on anniversary date</p> <p>IBEW 307: One step increase on anniversary date</p> <p>AFSCME 1540: 2.0% COLA; one step increase on anniversary date</p> <p>AFSCME 3373: Market wage adjustments with varying percentages depending on step; changes to Steps 2-14; one step increase on anniversary date</p> <p>IAFF 1605: 3.44% increase to Step 14, 6.58% increase to Step 15 of FAO, DFM, and Captain scales; one step increase on anniversary date</p> <p>Minimum wage increased to \$12.50/hr effective 1/1/22</p>
FY23	<p>Non-Union: 3% COLA; one step increase effective on anniversary date</p> <p>IBEW 307: Step on employee's anniversary date; 7% COLA for line workers; 3% COLA for all others</p> <p>AFSCME 1540: 3% plus step on employee's anniversary date</p> <p>AFSCME 3373: Step on employee's anniversary date; step 2-5 varies; average 21% COLA</p> <p>IAFF 1605: Step on employee's anniversary date; FAO: step 2-15 varies, 10% average; FF: eliminate step 4-15, step 1-3 13% average; DFM: step 6-15 varies, 5% average; Captain: added steps 14-15, Step 1-11 7% average</p> <p>Minimum wage increased to \$13.25/hr effective 1/1/23</p>
FY24	<p>Non-Union: 3% COLA, one step increase effective on anniversary date</p> <p>IBEW 307: One step on employee's anniversary date; 3% COLA</p> <p>AFSCME 1540: One step on employee's anniversary date; 3% increase</p> <p>AFSCME 3373: One step on employee's anniversary, Step 16 added for 20 years' service; 14% COLA for step1</p> <p>IAFF 1605: One step on employee's anniversary date; FAO: step 2-15 varies, 8% average; FF: step 1-3, 6% average; DFM: step 4-9, 4% average; Captain: step 6-12 & 14, 3% average</p> <p>Minimum wage increased to \$14.00/hr effective 1/1/24</p>
FY25	<p>Non-Union: Proposed 3% COLA, one step increase effective on anniversary date, proposed adjustment of 1.5% to Step 14</p> <p>IBEW 307: Pending negotiations, current contract expires June 30, 2024</p> <p>AFSCME 1540: One step on employee's anniversary date; 3% increase</p> <p>AFSCME 3373: One step on employee's anniversary, Steps 5-15 and 20 only varies, 2.5% average</p> <p>IAFF 1605: One step on employee's anniversary date; FAO: Steps 3-15, 2.4% average; FF: Steps 1-3, 2.2% average; DFM/LTs: Steps 4-15, 3.3% average; Captain: Steps 6-12 and 14-15, 1.4% average</p> <p>Minimum wage increased to \$15.00/hr effective 1/1/24</p>

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HIGHLIGHTS OF FY25 PROPOSED BUDGET

The following information included in this section of this budget message provides a summary of the key assumptions and highlights of this FY25 Proposed Budget. These highlights explain the most significant topics and assumptions needed in preparing a balanced FY25 Proposed Budget for Mayor and City Council's consideration. You will find the individual department and fund budget narratives, which appear later in this budget book provide a more detailed explanation.

City-wide Highlights:

1. **Staffing Levels:** The FY25 Proposed Budget includes 442 funded full-time positions with 307 in the General Fund and 135 in other funds and operations. Additionally, there are 47 unfunded positions with 35 unfunded in the General Fund and 12 unfunded in other funds and operations. The changes in staffing in the General Fund include: 2 full-time civilians for Police Watch Center and eliminating 2 part-time civilian positions; fund 1 full-time Fire Deputy Chief position; creation of 4 sworn part-time officers in Police; proposed conversion of 2 part-time sworn officers to 1 new full-time civilian Alternative Response Team (ART) in Police. The full-time changes have been previously approved by Mayor & Council through February 2024 except for the proposed conversion of 2 part-time for new ART position. While there were no changes to the total staffing count, two ARPA funded positions were scheduled to end on December 31, 2024. Over the next few months, staff will be recommending maintaining those positions (Accounting Grant Coordinator and Police Community Liaison) into the future. A schedule of City staffing for all of our operations along with a five-year history appears later in this Section on pages 30-31.
2. **Employee Compensation Package:** City employees are given a competitive total compensation package. It should be noted that the cost of wages, associated payroll taxes and benefits continues to be the largest expense segment of the overall budget. This is not unexpected as the City is a service provider; however, the City is one of very few municipalities and counties to provide any sick leave pay-outs upon leaving employment and to provide an insurance benefit beyond Medicare age. Multi-year contracts were negotiated and approved through FY25 for three of the City's bargaining units: AFSCME 3373, AFSCME 1540, and IAFF 1605. The IBEW 307 contract was negotiated and approved through FY24 and is pending current negotiations. At the time of budget preparation, the proposed budget includes overall salary enhancement amounts for all full-time staff and includes mandated state minimum wage. A history of wages since FY21 is included in the summary appearing in this Section on Page 18. General Fund employee and retiree benefits detail information is included on Page 9 of Section 6. Due to current high claim trends and an offset of savings in plan changes, it is anticipated that total health costs will be 14.9% more than FY24 estimated actual and 7.6% more than FY24 Budget. The city's consultant for benefits, CBIZ, estimates that overall health insurance will be 19.9% more than current year experience. While the city has absorbed all amounts that could not be achieved through mutually agreeable health plan savings over the last thirteen years, the employees' premium costs have not changed since July 2010 due to collective bargaining contract language. Additionally, the contribution to City Police and Fire Pension will increase to 16% of base salary; which reflects an overall growth of 14.2%. As shown on the top of page 10 in Section 6, the General Fund portion of employee and retiree health insurance and pension costs amounts to \$8.5M, which is a 9.1% growth over the FY24 Budget. In total, pension, health and dental insurance costs for all non-General Fund employees and retirees are \$3.5M and appear in the presentation of other Funds throughout the Budget. At the bottom of page 10 in Section 6, the City's share of the cost for employees participating in the State of Maryland Retirement System is projected to be 11.97%, which is an increase of 5.7% over FY24. The five-year history of the share of the City and Employee cost appears in the table at the bottom of page 10.
3. **Debt Service Expenditures and Bond Issues:** Information on the City's Bonded Debt Outstanding and Debt Levels and Affordability is presented starting on page 36 of Section 1. The City plans to issue a new GO bond for the Hagerstown Field House and simultaneously refund the \$10.6M Bond Anticipation Note (BAN) on HUB Parking Garage. After the anticipated bond issues in FY25, the City will remain within its benchmarks as established in our Debt Policy, which was last updated and approved by Mayor and Council in 2014. The chart below provides an overview (in thousands) of the

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annual debt service requirements compared to all expenses by fund that are included city-wide in the FY25 Budget:

Fund	Total FY25 Operating Expenses	Total FY25 Annual Debt Service Expenses	Percent
General Fund	63,061	2,068	3.3%
Electric Fund	29,661	26	0.1%
Water Fund	18,971	2,081	11.0%
Wastewater Fund	17,217	1,636	9.5%
Parking Fund*	1,818	10,960	602.9%
Property Management Fund	448	9	2.1%
Stormwater Management Fund	1,474	57	3.8%
Subtotal of Funds:	132,650	16,838	12.7%

Section 6 provides five year projections and more information specifically on General Fund annual debt costs and statistics on pages 12-13. Additionally, it is anticipated that MDE bond issues or loans will be needed in FY25 for Water and Wastewater projects. There is one anticipated GO bond issue in FY25 in the General Fund. Total loan and bond issues are reflected below:

Fund	Departments	Project #	Amount
General	Engineering	45-C0041	6,290,795
Enterprise	Water	52-C0167	500,000
Enterprise	Water	52-C0274	2,000,000
Enterprise	Water	52-C0877	250,000
Enterprise	Wastewater	54-C0584	1,500,000
Total FY25 Proposed Bond Financing			10,540,795

Staff's assumptions on the size and timing of future Bond Issues including the future projects to need these bond funds appear in the Capital Improvement Program in Section 7 beginning on page 16.

4. **Overview of Capital Improvement Projects (CIP):** The City's total Capital Improvement Program budget for FY25 at \$59.3M is 12.0% lower than the \$67.5M in the FY24 Revised Budget. The CIP Section 7 presents comprehensive descriptions of major project needs for FY25 through FY29. At minimum, the capital needs are reviewed at least annually and include a five-year forecast to strategically assist in implementing both short-term and long-term goals and priorities.

General Fund Highlights:

5. **FY25 General Fund Revenues and Expenditures:** The Proposed General Fund revenue of \$63.1M for FY25 represents an increase of \$2.0M or 3.3% over the FY24 Budget. The largest revenue source in the General Fund is total property tax revenue at \$40.3M or 63.8% of all current revenue. Likewise, the Proposed FY25 Budget reflects an increase of \$2.0M or 3.3% in General Fund expenditures for a total of \$63.1M. The key factors for these increases are summarized in this budget message on subsequent pages 38-40 in this Section. The three largest components of the \$63.1M in expenditures are: wages and benefits at \$38.6 or 61.2% of total and an increase of 7.1% over FY24 Budget; contracted services at \$7.8M or 12.3% of total and an increase of 19.1% over FY24 Budget; and materials, supplies, and utilities at \$2.8M or 4.5% of total which is an increase in expenditures of 12.9% over FY24 Budget.
6. **General Fund Five Year Financial Projections:** Using a multi-year focus of the City's financial condition and projections has always been a part of the budget preparation and is continued in this

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FY25 Proposed Budget. It remains important to examine how the decisions made today and in the current year impact future operational and capital needs. The forecasts for future years encompass strategic planning and short and long term goals and priorities. Section 6 of this document includes the financial projections for various City Funds. The General Fund Projections begin on page 2. These budget deliberations mainly focus on FY25. On page 3 of Section 6, the General Fund reflects a lack of sufficient resources to cover the future projected cost of wages, benefits, debt service, and other operational and capital expenditures in FY26 and beyond. The current projections show a shortfall of \$6.9M for FY26 with varying deficits in subsequent years. Without future changes to service levels, capital equipment and infrastructure, programs, amenities, or increases to revenue, the City cannot continue operations in the manner as projected.

7. **Highway User Revenue (HUR):** Despite almost full restoration of historical HUR funding in FY24, future amounts remain in question due to State legislation budget forecasts. Assuming that HUR funding will remain at the FY23 levels, \$125.0K of the total \$1.5M in HUR will be utilized directly in the General Fund to cover a portion of the annual debt service requirements for projects that had to be funded with GO bond issues when there was not sufficient HUR funding from the state. The remaining anticipated balance of HUR funding will be utilized for capital and infrastructure projects as outlined in Section 7 on pages 18-19. The chart below reflects historical trends and funding received from this state source by the City:

City of Hagerstown
State Shared Taxes: State Highway User Revenue Detail
as of March 31, 2024

	Total	Yearly Change	Over FY09	One-Time Allotments	Annual Allocation	Yearly Change	Over FY09
FY13 Actual	301,934.70	-36%	-84%		301,934.70	-36%	-84%
FY14 Actual - includes one-time allotment	1,039,879.51	244%	-45%	722,881.83	316,997.68	5%	-83%
FY15 Actual - includes one-time allotment	1,081,978.18	4%	-43%	748,955.36	333,022.82	5%	-82%
FY16 Actual - includes one-time allotment	1,224,207.10	13%	-36%	884,465.39	339,741.71	2%	-82%
FY17 Actual - includes one-time allotment	1,206,124.86	-1%	-37%	873,766.19	332,358.67	-2%	-83%
FY18 Actual - includes one-time allotment	1,250,240.94	4%	-34%	916,032.11	334,208.83	1%	-82%
FY19 Actual - includes one-time allotment	1,375,305.00	10%	-28%	1,027,992.00	347,313.00	4%	-82%
FY20 Actual	1,558,315.73	13%	-18%	-	1,558,315.73	349%	-18%
FY21 Actual	1,730,254.68	11%	-9%	-	1,730,254.68	11%	-9%
FY22 Actual	1,836,144.34	6%	-3%	-	1,836,144.34	6%	-3%
FY23 Actual	1,816,084.86	-1%	-4%	-	1,816,084.86	-1%	-4%
Estimated FY24 based on 9/8/23 memo							
FY24 Projected Annual allotment	2,218,737.00	22%	17%		2,218,737.00	22%	17%
Preliminary Estimated FY25 budget based on 9/8/23 memo							
FY25 Preliminary Budget	1,760,000.00	-21%	-7%	-	1,760,000.00	-21%	-7%

8. **Public Safety:** Public Safety is defined to include several areas within the City. The total dollars spent in Public Safety are significant and utilize a large percentage of every tax dollar. In total, it is expected that all of Public Safety will comprise 50.3% of all total operating expense in the current FY24 and will be 50.5% of all total operating expense in the proposed FY25 budget. The chart below reflects not only the operating costs but also the capital project needs and staffing needs of this component within the City.

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CITY OF HAGERSTOWN
PUBLIC SAFETY SCHEDULE
FY24 PROJECTED AND FY25 BUDGET

DESCRIPTION	FISCAL YEAR 2024 PROJECTED ACTUAL						FISCAL YEAR 2025 PROPOSED BUDGET					
	DIRECT REVENUE	DIRECT OPERATING EXPENSE	FUNDING FOR CAPITAL BY EXTERNAL PARTIES	CAPITAL EXPENSES	TOTAL	TOTAL FUNDED FULL-TIME POSITIONS	DIRECT REVENUE	DIRECT OPERATING EXPENSE	FUNDING FOR CAPITAL BY EXTERNAL PARTIES	CAPITAL EXPENSES	TOTAL	TOTAL FUNDED FULL-TIME POSITIONS
General Fund:												
Police Department	\$ 3,341,993	\$ 16,652,038	\$ 316,979	\$ 1,227,370	\$(14,220,436)	109.00	\$ 3,302,151	\$ 17,914,495	\$ 80,000	\$ 1,161,200	\$(15,693,544)	112.00
Fire Department	373,534	10,506,595	2,215,197	3,172,624	(11,090,488)	78.00	274,350	11,373,554	250,000	4,590,000	(15,439,204)	79.00
Code Administration	2,418,565	1,747,200	-	53,890	617,475	17.00	1,798,100	1,897,715	-	35,000	(134,615)	17.00
Signal Department	53,244	494,476	15,000	48,912	(475,144)	6.50	52,500	632,730	-	53,000	(633,230)	6.00
Subtotal Public Safety	6,187,336	29,400,309	2,547,176	4,502,796	(25,168,593)	210.50	5,427,101	31,818,494	330,000	5,839,200	(31,900,593)	214.00
Total Public Safety	\$ 6,187,336	\$ 29,400,309	\$ 2,547,176	\$ 4,502,796	\$(25,168,593)	210.50	\$ 5,427,101	\$ 31,818,494	\$ 330,000	\$ 5,839,200	\$(31,900,593)	214.00
Total General Fund	\$ 60,055,636	\$ 58,982,807				305.85	\$ 62,444,168	\$ 62,436,558				303.10
% Public Safety	10.30%	49.85%				68.82%	8.69%	50.96%				70.60%

9. **Important Supplemental Factors:** There are factors and items that impact the City and community that are or are not included in this FY25 budget:

- a. American Rescue Plan Act of 2021 – The City was awarded \$20.4M through the American Rescue Plan Act of 2021 which was received in two deposits over two years. The 7 federal expenditure categories are Public Health, Negative Economic Impacts, Services to Disproportionately Impacted Communities, Premium Pay, Infrastructure, Revenue Replacement, and Administrative. City leadership, with Mayor and Council, has worked to develop and implement the spending plan found on page 8. FY25 includes \$9.1M in ARPA expenditures across all funds. It is anticipated that all ARPA funding will be expended or obligated by December 31, 2024 as required.
- b. General Fund Agency Contributions – A summary of the proposed General Fund appropriations for agency funding appears on page 65 of Section 2. In accordance with the General Fund Agency Funding Policy; the Proposed FY25 Budget includes \$205K in funding for City support of community agencies from the General Fund. With the \$195K across eight core agencies, the FY25 funding proration as proposed is the same as current FY24 totals. This leaves \$10K as unspecified for any miscellaneous requests that Mayor & Council may receive.
- c. Ice Rink – The current contract with HIAAA, the operating manager of the ice rink, expires in June 2024. There have been some discussions in the past surrounding the need for a second sheet of ice which would require an expansion of the current City-owned facility/building. As a result, there is some funding included in the five-year projections in FY29 for this possibility to be funded primarily by others. A more immediate need has been identified and included in FY26 to replace the ice making system. Subsequent to the budget preparation, discussions have occurred on the timing of the ice making system which may lead to more immediate agenda items on the future of the Ice Rink.
- d. Meritus Park – There is no specific funding included in the five-year projections for the City to fund toward the construction of the new Meritus Park as the State of Maryland has awarded approximately \$70M in funding to private organizations to build and manage. However, a 3rd parking deck is included as the City's contribution toward this initiative. It is estimated that Meritus Park will open for the beginning of the new minor league baseball season in May 2024 with the opening of HUB Parking Garage planned for July 2024.

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General Fund/Capital Improvement Project Highlights:

10. **Capital Improvement Projects (CIP) for General Fund:** The General Fund portion in the Capital Improvement Program budget for FY25 represents 46.2% or \$27.4M of the total \$59.3M. Section 7 of this budget document provides greater details on the capital projects for the General Fund. The largest portion funding source for these projects is anticipated to be CIP fund balance use for multiple projects as reflected in the chart below:

Funding Sources	Amount	Percent
Prior Bond Proceeds	6,290,795	23.0%
Contributions, PEG Fees, & Reforestation Funds	82,000	0.3%
Facilities Rent	36,000	0.1%
Fund Balance Use: CIP Fund	6,504,705	23.7%
Fund Balance Use: General Fund	2,202,000	8.0%
ARPA Grant	1,887,322	6.9%
Other Grants	5,373,500	19.6%
HUR	1,635,000	6.0%
Transfers from Other City Funds (Pay-go)	3,382,200	12.3%
Total Funding Sources for General Fund CIPs	27,393,522	100.0%

Similarly, a breakdown on the spending of this \$27.4M by General Fund department is outlined below with specific details to follow in Section 7:

Spend by Department	Amount	Percent
Engineering	15,648,000	57.1%
Fire	4,590,000	16.8%
Information Technology	1,590,000	5.8%
Parks & Recreation	2,737,000	10.0%
Planning & Code Administration	35,000	0.1%
Police	1,161,200	4.2%
Public Works	1,632,322	6.0%
Total Capital Spend by Department:	27,393,522	100.0%

11. **Hagerstown Field House (CIP45-C0041):** The Hagerstown Field House project started in FY22 with business plan concepts and market feasibility. Eastern Sports Management, the city's partner, conducted several public session meetings as well as interviewed various community stakeholders. This project will be a 114,000 square foot indoor recreation facility that includes two turf fields, six hard courts, fitness area, restaurant, kids zone, and other space to support operations. The Hagerstown Field House is anticipated to be open at the end of calendar 2024. The total project costs overall including demolition of prior baseball stadium, all preliminary work and studies, engineering drawings, construction (\$19.3M) of the new facility, and sports package including all fixture and equipment (\$4.4M) is estimated at approximately \$26.2M. The chart below provides an overview of the current funding sources to cover this entire project.

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Hagerstown Field House	Amount
State of Maryland Capital Grants and SDF Grant Funding	3,750,000
State Highway User Revenue	300,000
Washington County Hotel/Motel and Donation in lieu of 911 Funding	1,466,890
Eastern Sports Management Funding over 20 Years (<i>Future City Bond Issue</i>)	7,000,000
ARPA Funds: Stormwater Portion of Project	410,000
City Various Local Funding	4,098,311
City Future Bond Issue	8,948,653
<i>Potential Program Open Space</i>	225,000
Total Project Funding Sources	26,198,854

12. **Fire Department Capital Project Highlights (CIP45-C0010, CIP45-C0849, CIP45-C0870):** To address fire facility and deployment needs, several individual projects are included in the FY25 Proposed Budget for the Fire Department. These three specific projects total \$3.5M or 12.6% of the total project costs for the General Fund. Each of these projects provides opportunities to consolidate administrative staff, command staff, purchase of vehicles and apparatus, and necessary county radio infrastructure upgrades for the department. These projects can be explored independently and separately.
13. **Vehicles:** Overall, the FY25 Budget includes \$2.5M for vehicle replacements which represents 9.3% of all planned capital projects for the General Fund. The City strives for a systematic vehicle replacement plan to eliminate costly repairs and to improve efficiency of operations. There is a detail listing that includes each specific vehicle to be replaced per department in Section 7 on pages 10-12. The chart below summarizes the total amount for vehicles each General Fund department has included in the FY25 Budget:

General Fund Departments	Amount	Percent
Vehicles:		
Fire	1,225,000	48.1%
Parks & Recreation	126,000	4.9%
Planning & Code Administration	35,000	1.4%
Police	611,200	24.0%
Public Works	550,000	21.6%
Subtotal Vehicles:	2,547,200	100.0%
Grand Total All General Fund CIPs	27,393,522	9.3%

Other Governmental Fund Highlights:

14. **Community Development Block Grant Fund (CDBG):** The proposed CDBG Budget is included in Section 4. The City utilizes these Federal Grant funds to support downtown and neighborhood revitalization projects along with community agencies and other projects and priorities. For FY25 it is anticipated the CDBG grant entitlement will be \$780.0K; which is a <0.1%> decrease from FY24. A history of the City's Entitlement Funding is shown on page 6 of Section 4 and reflects an allocation of growth from FY19 levels. Total CDBG expenditures are projected to be \$1.2M in FY25, funded by a combination of new and carry over entitlement funds of \$1.1M plus \$165.0K in program income. These projected expenditures include: \$290.0K for Public Facilities and Improvements; \$140.0K to support Public Services; \$222.0K in Housing Rehab Projects; \$50.0K in Commercial & Industrial Improvements; and \$400.3K for overall administration and demolition. A summary of CDBG revenues and expenditures appears on page 5 with more detailed information on pages 6-8.

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15. **Economic Redevelopment Fund:** The proposed Economic Redevelopment Fund Budget is included in Section 4. The fund was established to promote the revitalization of the City's downtown and older neighborhood areas. It is used to promote businesses and home ownership in the City Center and has been used for the PEP Program, Invest Hagerstown, and holding real property for resale. For FY25, it is expected that expenditures will be \$1.8M. Of the total expenditures, \$132K for PEP program rent payments; \$575K for various Community Legacy Grant initiatives; \$975K combined for Invest Hagerstown incentives; and the remaining \$82.6K for general incentives and overall administration. 11850 Indian Lane was sold in August 2023. More detailed information of this Fund is found on pages 10-12.

Enterprise/Business-Type Fund Highlights:

16. **Utility Rates:** A five-year cost rate study is currently in process with the City's consultant for the Water and Wastewater funds. The Water Fund FY25 Proposed Budget includes an average increase of 0.5%. A rate increase of 14.0% is included for FY26, FY27, and FY28 and 3.0% for FY29. The Wastewater Fund FY25 Proposed Budget includes an annual rate increase of 13.0% is anticipated for three years and is included in projections for FY2025/26 through FY2027/28 followed by 3% for FY2028/29. A contract for wholesale energy with AEP Energy Partners was negotiated in FY24 effective June 1, 2024 through December 31, 2026 with a rate of \$54.05 per megawatt hour. For all three of our utilities, our customers enjoy some of the lowest service charges in our region.
17. **Electric Fund Projects and Equipment:** The capital projects and equipment purchases are summarized in Section 7 page 31 and total \$3.3M for the Electric Fund in FY25. Key purchases and projects include the following: 50-C0090 Electric Vehicles \$470.0K; Meter Replacement \$1.5M; System Reconductoring \$206.5K, and various smaller projects planned. Electric Fund Revenues, Grants, and Private Contributions will provide the funding for all projects included in the FY25 Budget.
18. **Water Fund Capital Projects and Equipment:** In FY25, \$8.1M is included for Water Fund capital projects and equipment. These expenditures are summarized beginning on page 34 of Section 7. Key purchases and projects include the following: CIP 52-C0117 Vehicles for \$440.0K; CIP 52-C0166 Willson Treatment Plant for \$1.7M; CIP 52-C0168 Edgemont Reservoir Improvements for \$250.0K; CIP 52-C0274 Mack Water Tank for \$2.7M; CIP 52-C0322 Risk and Resiliency/Security \$100.0K; CIP 52-C0653 Water Distribution System Meter Program for \$575.0K; Willson Transmission Mains for \$700.0K; and CIP 52-C0709 Distribution System Rehab – Main Replacement for \$420.0K. Water Fund Revenue, Bond Financing, and Private Contributions will fund all projects in FY25.
19. **Water Fund – MDE Loans:** There are several larger, potential projects in the Water Fund that have received initial approval by the Maryland Department of the Environment (MDE) for loan funding. These projects include the Edgemont Reservoir or potential second source of supply, the RCW Transmission Main Project, and the Mack Tank Replacement.
20. **Wastewater Fund Capital Projects and Equipment:** In FY25, \$16.2M is included for Wastewater Fund capital projects and equipment and is summarized on page 36 of Section 7. Key purchases and projects include the following: CIP 54-C0004 Vehicles for \$369.6K; continuation of CIP 54-C0565 East End Pump Station #33 for \$2.9M; and CIP 54-C0574 Pump Station #13 Reconstruction for \$2.7M. A combination of ARPA Grant Funding, Bond Financing, Private Contributions, Grants, and Wastewater Fund Revenue will fund all projects.
21. **Hub City Garage (CIP 56-C0173) and Parking Fund Operations:** Due to anticipated construction of a new privately owned Meritus Park in downtown and in conjunction with Mayor & Council's Strategic Plan, the construction of a third parking deck is underway with an expected opening in July 2024. For a new deck to be financially viable to the City, it is critical to have new and additional paying parking system customers in our downtown area beyond current levels. Details specifically on this \$10.6M Third Parking Deck are included in Section 7 on page 160.
Several factors were considered when completing the five-year operations outlook for the Parking Fund, which begins in Section 6 on page 24 and outlines detailed assumptions. The operating revenues from the new deck, combined with other Parking Fund revenue, need to meet total Parking operating expenses plus related debt service expenses to avoid General Fund subsidies. With the

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2025

inclusion of a third parking deck, it is anticipated that there will be deficits beginning in FY24 which will impact the Parking Fund cash balances. Rates for parking decks and parking lots were last approved on July 1, 2021. While no rate increases are reflected separately for FY25, rates are being reviewed to determine overall pricing strategy for rates in the two parking decks and the new HUB City Garage.

22. **Property Management Fund:** This Fund provides stewardship over downtown property owned by the City and leased to area business. In Section 3 on page 39 you will find the Expenditure and Revenue Summary showing FY25 Proposed Total Expenditures of \$447.8K and Total Revenues of \$257.4K. Beginning in FY25, there will be three properties remaining in this fund and only two of those buildings have tenants (Elizabeth Hager Center and 60 West Washington Street). There are also anticipated capital projects that total \$90.0K in the FY25 Budget which includes improvements to Elizabeth Hager Center, 60 W Washington Street, and 309 Valley Road. More detailed assumptions through FY29 can be found in Section 6 on pages 29-30. Decisions about the continued viability of this fund and the properties held there will be needed as we are projecting a negative cash situation for FY25 and beyond, which would mean an increased need for considering contributions from the General Fund.
23. **Stormwater Protection Program:** The goals of the Stormwater Protection Program include: maintain and preserve the existing storm drainage system; limit flooding and runoff-related damages; improve the quality of the water in the Chesapeake Bay and Potomac River through the construction of new treatment facilities and the retrofit of existing facilities; and comply with permit requirements issued by the Environmental Protection Agency. It is estimated that the mandate requirements in improvements will cost the City approximately \$24M. At this time, the FY25 Proposed Budget projections include revenue from a stormwater utility fee that was effective March 1, 2021. The current rate that became effective January 1, 2023 is \$36.00 per 1,000 square feet of impervious surfaces. Due to the requirements of the City's MS4 stormwater permit received from Maryland Department of the Environment (MDE), the CIP budget does include project expenditures over the next five years. The funding for these specific projects will primarily be covered by stormwater fees and grants which is reflected in Section 7 on page 45. There are also current operating expenses reflected in the Stormwater Protection Fund for service costs related to stormwater activity.
- a. Stormwater Operating Expenses - \$1.5M in FY25 budget in Section 3 on page 43
 - b. Stormwater Capital Expenses - \$4.2M in FY25 budget in Section 7, pages 14, 45 and 46 in summary

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2025

**COMBINED USES OF FUNDS
FY25 BUDGET BY FUND**

The Proposed FY25 Budget includes \$209.7M in expenditures for all of the City's funds. The City's largest operating fund, the General Fund, is projected at \$63.1M for the coming year, a 3.3% increase over FY24. Utility operations for next year include \$33.8M for the Electric Fund, \$27.0M for the Water Fund, and \$33.4M for the Wastewater Fund. The City's General Capital Improvement Fund for next year is proposed at \$27.4M. The Parking Fund's Budget is \$1.9M and the Community Development Block Grant Fund totals \$1.2M. These represent Hagerstown's major operating and capital funds. Other Special Revenue funds totaling \$2.4M, along with Service and Trust Funds totaling \$12.5M, are also included for next year. Details on the expenditure and revenue assumptions for each Fund, along with program information, is set forth in their individual budgets, which appear throughout the Adopted Budget.

2024/2025 BUDGET BY FUND

	Revised Budget 2023/2024	Proposed Budget 2024/2025	Increase / (Decrease)	Percent Change
General Fund	\$ 61,046,448	\$ 63,060,559	\$ 2,014,111	3.3%
Community Dev. Block Grant Fund	2,209,198	1,242,280	(966,918)	-43.8%
Special Revenue Funds	4,034,372	2,419,285	(1,615,087)	-40.0%
General/Capital Improvement Projects	34,502,464	27,393,522	(7,108,942)	-20.6%
Total Government-type Funds	101,792,482	94,115,646	(7,676,836)	-7.5%
Electric Fund	32,054,817	33,821,534	1,766,717	5.5%
Water Fund	26,320,830	27,033,835	713,005	2.7%
Wastewater Fund	24,998,930	33,412,466	8,413,536	33.7%
Parking Fund	11,981,732	1,852,904	(10,128,828)	-84.5%
Golf Fund	687,869	822,305	134,436	19.5%
Property Management Fund	631,232	537,755	(93,477)	-14.8%
Stormwater Fund	3,975,019	5,643,629	1,668,610	42.0%
Total Enterprise-type Funds	100,650,429	103,124,428	2,473,999	2.5%
Service & Trust Funds	11,998,082	12,467,849	469,767	3.9%
Total Combined Uses of Funds	\$ 214,440,993	\$ 209,707,923	\$ (4,733,070)	-2.2%

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2025

COMBINED STATEMENT OF REVENUES AND EXPENDITURES

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE (ALL FUNDS)
FISCAL YEAR 2024/2025

ACCOUNT DESCRIPTION	2022/23	2023/24		2024/25	2024/25
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
REVENUES BY TYPE					
Taxes-Property, Income & Other	\$ 44,294,266	\$ 45,559,844	\$ 47,080,767	\$ 48,743,757	7.0%
Charges for Services	69,567,759	72,234,906	68,522,180	77,746,489	7.6%
Licenses and Permits	2,566,286	2,389,300	2,940,400	2,356,000	-1.4%
Fines and Forfeitures	1,279,170	1,291,150	1,341,900	1,343,650	4.1%
Other Governmental	6,561,104	23,610,137	17,203,097	16,641,952	-29.5%
Other / Transfers In	34,709,170	40,746,482	42,989,275	33,819,910	-17.0%
Total Current Revenues	\$ 158,977,755	\$ 185,831,819	\$ 180,077,619	\$ 180,651,758	-2.8%
EXPENDITURES BY DEPARTMENT					
General Government	\$ 6,944,200	\$ 7,560,843	\$ 7,497,217	\$ 8,112,355	7.3%
Public Safety	27,336,020	29,901,259	29,400,309	31,818,494	6.4%
Highways & Streets	2,280,600	2,850,679	2,815,468	3,059,008	7.3%
Waste Collection & Disposal	3,232,599	4,502,535	4,529,304	4,875,807	8.3%
Parks and Recreation	2,801,935	3,259,829	3,158,935	3,566,102	9.4%
Community & Economic Development	647,562	779,259	796,161	911,328	16.9%
Community Development Block Grant	1,140,274	2,209,198	2,199,692	1,242,280	-43.8%
Special Revenue Funds	2,667,730	4,034,372	3,680,364	2,419,285	-40.0%
Enterprise Funds	61,353,390	100,650,429	87,097,499	103,124,428	2.5%
Capital Improvement Projects Fund	10,368,417	34,502,464	28,221,619	27,393,522	-20.6%
Service and Trust Funds	12,241,440	11,998,082	11,774,175	12,467,849	3.9%
Non-Departmental General Fund	8,563,171	12,192,044	10,221,509	10,717,465	-12.1%
Total Expenditures	\$ 139,577,338	\$ 214,440,993	\$ 191,392,252	\$ 209,707,923	-2.2%

Note: Statements are for budgetary purposes only and are not intended to satisfy GASB34 requirements.

**CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2025**

**COMBINED STATEMENT OF REVENUES AND EXPENDITURES
FISCAL YEAR 2024/25**

	GOVERNMENTAL FUND TYPES	ENTERPRISE FUND TYPES	SERVICE AND TRUST FUNDS	COMBINED TOTALS
REVENUES				
Property Taxes	\$ 40,262,277	\$ -	\$ -	\$ 40,262,277
Income and Other Taxes	8,481,480	-	-	8,481,480
Licenses and Permits	2,356,000	-	-	2,356,000
Intergovernmental Revenues and Grants	10,456,952	6,185,000	-	16,641,952
Charges for Current Services	5,750,209	61,979,755	10,540,390	78,270,354
Fines and Forfeitures	1,127,650	-	-	1,127,650
Administrative Allocation Revenues	1,997,500	-	-	1,997,500
Program Income	191,000	-	-	191,000
Premium on Bonds	-	8,247	-	8,247
Interest on Investments	1,389,725	2,450,800	80,800	3,921,325
Miscellaneous/Other General Revenues	417,405	3,683,425	1,126,276	5,227,106
TOTAL REVENUES	\$ 72,430,198	\$ 74,307,227	\$ 11,747,466	\$ 158,484,891
EXPENDITURES				
General Government	25,350,355	-	-	25,350,355
Public Safety	37,657,694	-	-	37,657,694
Highways and Streets	4,638,330	-	-	4,638,330
Waste Collection and Disposal	4,875,807	-	-	4,875,807
Parks and Recreation	6,303,102	-	-	6,303,102
Economic and Community Development	911,328	-	-	911,328
Unallocated General Expense	2,046,025	-	-	2,046,025
Debt Service - Principal and Interest	2,067,653	14,770,168	-	16,837,821
Operating Expenses	3,661,565	69,063,766	12,467,849	85,193,180
TOTAL EXPENDITURES	87,511,859	83,833,934	12,467,849	183,813,642
EXCESS(DEFICIENCY) OF REVENUES OVER EXPENDITURES	(15,081,661)	(9,526,707)	(720,383)	(25,328,751)
OTHER FINANCING SOURCES(USES)				
Add Back Depreciation	-	9,807,000	-	9,807,000
Bond Financing Proceeds	-	10,600,000	-	10,600,000
Bond Proceeds - Future Issues	-	-	-	-
Prior Bond Proceeds	6,290,795	-	-	6,290,795
Change in Restricted Cash	-	-	-	-
Developer Contributions	-	-	-	-
MDE Bond Financing	-	4,250,000	-	4,250,000
Operating Transfers from Other Funds	1,428,667	150,000	-	1,578,667
Capital Transfers from Other Funds	3,382,200	-	-	3,382,200
Capital Projects Transfers from General Fund Balance	2,202,000	-	-	2,202,000
Appropriated Use of Fund Balance	8,706,705	-	-	8,706,705
Non-Cash Developer Contributions	-	(686,125)	-	(686,125)
General Fund Balance Transfers (to) Capital Projects	(2,202,000)	-	-	(2,202,000)
Capital Transfers (to) Other Funds	(2,823,120)	(309,080)	-	(3,132,200)
Operating Transfers (to) Other Funds	(1,578,667)	-	-	(1,578,667)
Capital Outlay	-	(32,820,072)	-	(32,820,072)
TOTAL OTHER FINANCING SOURCES (USES)	15,406,580	(9,008,277)	-	6,398,303
EXCESS(DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	\$ 324,919	\$ (18,534,984)	\$ (720,383)	\$ (18,930,448)
Beginning Fund Balance	\$ 34,113,733	\$ 200,209,046	\$ 6,764,076	\$ 241,086,855
Less Appropriated Use of Fund Balance	(8,706,705)	-	-	(8,706,705)
Ending Fund Balance	\$ 25,731,947	\$ 204,368,417	\$ 6,043,693	\$ 236,144,057

(Cash Basis)

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2025

STAFFING CHARTS

STAFFING SCHEDULE
DETAIL OF UNFUNDED FULL-TIME POSITIONS
FISCAL YEAR 2024/25

Department / Description	Proposed Unfunded
Parks & Recreation	
Parks Maintenance Worker I-III	4.00
Department Total	4.00
Fire Department	
Firefighter	3.00
Fire Training Captain	1.00
Fire Public Safety Educator	1.00
Department Total	5.00
Human Resources	
HR Coordinator	1.00
Department Total	1.00
Police Department	
Officers	21.00
Department Total	21.00
Public Works	
Sign/Lines Maintenance Worker I-III	1.00
PW Maintenance Worker I-IV	2.00
Truck Driver	1.00
Department Total	4.00
TOTAL GENERAL FUND	35.00
Water Department	
Maintenance Technician I	-
Water Utility Service Technician	1.00
Field Operations (Construction & Maintenance) Technician III	2.00
Engineering Technician	1.00
Department Total	4.00
Wastewater Department	
Collection System Operator IV	2.00
Department Total	2.00
Electric Department	
Senior Meter Repairer	1.00
Meter Reader	1.00
Utility Serviceperson/Building Maintenance	1.00
Senior Electric Construction Worker	1.00
Substation Technician	1.00
Lineworker	1.00
Department Total	6.00
TOTAL OTHER FUNDS	12.00
TOTAL ALL FUNDS	47.00

CITY OF HAGERSTOWN'S BUDGET MESSAGE

FISCAL YEAR 2025

STAFFING SCHEDULE (FULL-TIME AND PART-TIME POSITIONS ONLY) FIVE YEAR COMPARISON - AUTHORIZED POSITION COUNT FISCAL YEARS 2020/21 THROUGH 2024/25

DEPARTMENT	2020/21			2021/22			2022/23			2023/24			2024/25		
	FULL-TIME	UNFUNDED	PART-TIME	FULL-TIME	UNFUNDED	PART-TIME	FULL-TIME	UNFUNDED	PART-TIME	FULL-TIME	UNFUNDED	PART-TIME	FULL-TIME	UNFUNDED	PART-TIME
Office of The Mayor	0.33	-	-	0.33	-	-	0.33	-	-	0.33	-	-	0.33	-	-
City Administrator	1.33	-	-	1.33	-	-	1.33	-	-	1.33	-	-	1.33	-	-
City Clerk	1.34	-	0.50	1.34	-	0.50	1.34	-	0.50	1.34	-	-	1.34	-	-
Community & Economic Development	6.85	-	1.28	6.15	-	2.00	6.15	-	2.00	6.30	-	-	6.30	-	-
Unfunded Positions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Funded Positions	6.85	-	1.28	6.15	-	2.00	6.15	-	2.00	6.30	-	-	6.30	-	-
Planning & Code Administration	20.00	-	2.00	20.00	-	1.00	21.00	-	-	21.00	-	-	21.00	-	-
Unfunded Positions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Funded Positions	20.00	-	2.00	20.00	-	1.00	21.00	-	-	21.00	-	-	21.00	-	-
Finance	8.40	-	-	8.00	-	-	9.00	-	-	9.00	-	-	9.00	-	-
Support Services & Billing	9.00	-	3.00	9.00	-	3.00	10.00	-	3.00	10.00	-	1.00	10.00	-	3.00
Unfunded Positions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Funded Positions	17.40	-	3.00	17.00	-	3.00	19.00	-	3.00	19.00	-	1.00	19.00	-	3.00
Information Technology & Communications	6.00	-	-	6.00	-	-	6.00	-	-	6.00	-	-	6.00	-	-
Community Engagement	2.00	-	2.50	2.00	-	2.50	2.00	-	2.50	2.00	-	2.00	2.00	-	2.00
**Included Support Services until FY21	-	-	-	-	-	-	-	-	-	1.00	-	1.00	1.00	-	1.00
Unfunded Positions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Funded Positions	8.00	-	2.50	8.00	-	2.50	8.00	-	2.50	9.00	-	3.00	9.00	-	3.00
Human Resources	5.00	-	4.00	4.00	1.00	4.00	4.00	1.00	4.00	4.00	1.00	3.00	4.00	1.00	3.00
Engineering & Parks Division	26.27	4.00	7.28	24.75	4.00	7.28	10.24	-	1.00	10.44	-	1.00	10.55	-	2.00
Engineering (Without Parks)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unfunded Positions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Funded Positions	26.27	4.00	7.28	24.75	4.00	7.28	10.24	-	1.00	10.44	-	1.00	10.55	-	2.00
Police Sworn	112.00	-	-	104.00	8.00	-	97.00	15.00	-	91.00	21.00	-	91.00	21.00	2.00
Police Administrative/Civilian	16.00	-	13.00	16.00	-	12.00	16.00	-	14.00	18.00	-	12.00	21.00	-	9.00
Unfunded Positions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Funded Positions	128.00	-	13.00	120.00	8.00	12.00	113.00	15.00	14.00	109.00	21.00	12.00	112.00	21.00	11.00
Fire	78.00	6.00	-	78.00	6.00	-	78.00	6.00	1.00	78.00	6.00	1.00	79.00	5.00	1.00
Unfunded Positions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Funded Positions	78.00	6.00	-	78.00	6.00	-	78.00	6.00	1.00	78.00	6.00	1.00	79.00	5.00	1.00
Public Works	24.95	4.00	-	24.95	4.00	-	24.85	4.00	-	25.80	4.00	-	24.90	4.00	1.00
Stormwater (Gen Fund Operations)	3.86	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Parks & Recreation	-	-	-	-	-	-	15.86	4.00	8.00	15.06	4.00	7.00	15.06	4.00	6.25
Unfunded Positions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Funded Positions	28.81	4.00	-	24.95	4.00	-	40.71	8.00	8.00	40.86	8.00	7.00	39.96	8.00	7.25
Total General Fund	321.33	14.00	33.56	305.85	23.00	32.28	303.10	30.00	36.00	300.60	36.00	28.00	303.81	35.00	30.25
Unfunded Total - General Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Funded Positions-General Fund	321.33	14.00	33.56	305.85	23.00	32.28	303.10	30.00	36.00	300.60	36.00	28.00	303.81	35.00	30.25
Electric	29.96	5.00	-	28.85	6.00	-	28.85	6.00	-	29.85	6.00	-	28.85	6.00	-
Unfunded Positions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Funded Positions	29.96	5.00	-	28.85	6.00	-	28.85	6.00	-	29.85	6.00	-	28.85	6.00	-
Water	48.67	4.00	-	50.60	4.00	-	49.60	4.00	-	51.10	4.00	-	52.10	4.00	-
Unfunded Positions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Funded Positions	48.67	4.00	-	50.60	4.00	-	49.60	4.00	-	51.10	4.00	-	52.10	4.00	-
Wastewater	46.95	2.00	-	45.55	2.00	-	46.55	2.00	-	44.05	2.00	-	44.05	2.00	-
Unfunded Positions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Funded Positions	46.95	2.00	-	45.55	2.00	-	46.55	2.00	-	44.05	2.00	-	44.05	2.00	-
Stormwater (Enterprise Fund)	-	-	-	5.36	-	-	4.11	-	-	4.01	-	-	3.90	-	-
Golf Course	2.24	-	1.72	2.24	-	1.72	2.24	-	1.00	2.24	-	2.00	2.24	-	2.75
Parking	2.80	-	9.00	2.80	-	9.00	2.80	-	9.00	2.90	-	10.00	3.30	-	11.00
Property Management	0.90	-	0.72	0.90	-	-	0.90	-	-	0.55	-	-	1.05	-	-
Community Dev Block Grant	2.00	-	-	2.70	-	-	2.70	-	-	2.70	-	-	2.70	-	-
Business Revolving Loan Fund	0.15	-	-	0.15	-	-	0.15	-	-	-	-	-	-	-	-
City-wide Staffing Levels	455.00	25.00	45.00	445.00	35.00	43.00	441.00	42.00	46.00	438.00	48.00	40.00	442.00	47.00	44.00
Unfunded Total - City-wide	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Funded Positions - City-wide	455.00	25.00	45.00	445.00	35.00	43.00	441.00	42.00	46.00	438.00	48.00	40.00	442.00	47.00	44.00
General & Oth Govt Operations	117.48	8.00	20.56	110.70	9.00	20.28	114.95	9.00	21.00	116.30	9.00	15.00	115.51	9.00	18.25
Public Safety: (Police & Fire Only)	206.00	6.00	13.00	198.00	14.00	12.00	191.00	21.00	15.00	187.00	27.00	13.00	191.00	26.00	12.00
Enterprise Funds	131.52	11.00	11.44	136.30	12.00	10.72	135.05	12.00	10.00	134.70	12.00	12.00	135.49	12.00	13.75

FY21: Transitioned/moved Support Services from Info Tech & Communications umbrella to report under Finance. Transitioned/moved Billing from Utilities to report under Support Services
FY21 FT Changes: 1 new position in Police civilian; 1 new Billing; 1 new Support Services; Unfund 1 in Electric
FY22 FT Changes: Shift of 0.7 from GF to CDBG; Shift 5.36 FT related to Stormwater to new Enterprise Fund; Unfund 1 FT position in HR; Unfund 8 vacant sworn positions in Police; Unfund 1 FT position in Electric
FY22: Transitioned/moved Parks & Recreation from Engineering umbrella to report under Public Works.
FY23 FT Changes: M&C approved during FY22 (1 PT to 1 FT in Code Administration; 1 PT to 1 FT in Support Services; 1 new FT temp ARPA Grant Coordinator in Finance; Unfund 7 vacant sworn positions in Police)
FY23: Transitioned/moved Community Engagement from Economic Development umbrella.
FY24 FT Changes: M&C approved during FY23 (1 PT to 1 FT in Econ Develop; 1 PT to 1 FT in Police; 1 new FT temp ARPA Comm Liaison in Police; Unfund 6 vacant sworn positions in Police)
FY25 FT Changes: M&C approved during FY24 (2 FT Civilian in HPD for Watch Center; 1 FT in Fire for Deputy Fire Chief)
FY25 FT Changes not yet approved by M&C: Convert 2 PT sworn officers to 1 FT Alternative Response Team (ART) - new proposed program

**CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2025**

**GOVERNMENTAL FUNDS - COMBINED STATEMENT OF REVENUES AND EXPENDITURES
FISCAL YEAR 2024/2025**

	GENERAL	SPECIAL REVENUE	CAPITAL IMPROVEMENT FUNDS	TOTAL
REVENUES				
Property Taxes	\$ 40,262,277	\$ -	\$ -	\$ 40,262,277
Income and Other Taxes	6,846,480	-	1,635,000	8,481,480
Licenses and Permits	2,356,000	-	-	2,356,000
Intergovernmental Revenues and Grants	970,397	2,225,733	7,260,822	10,456,952
Charges for Current Services	5,750,209	-	-	5,750,209
Fines and Forfeitures	1,127,650	-	-	1,127,650
Administrative Allocation Revenues	1,997,500	-	-	1,997,500
Program Income	-	191,000	-	191,000
Reforestation Fees	-	-	-	-
Interest on Investments	1,255,000	34,725	100,000	1,389,725
Miscellaneous/Other General Revenues	298,155	1,250	118,000	417,405
TOTAL REVENUES	60,863,668	2,452,708	9,113,822	72,430,198

EXPENDITURES				
General Government	8,112,355	-	17,238,000	25,350,355
Public Safety	31,818,494	-	5,839,200	37,657,694
Highways and Streets	3,059,008	-	1,579,322	4,638,330
Waste Collection and Disposal	4,875,807	-	-	4,875,807
Parks and Recreation	3,566,102	-	2,737,000	6,303,102
Economic and Community Development	911,328	-	-	911,328
Unallocated General Expense	2,046,025	-	-	2,046,025
Debt Service - Principal and Interest	2,067,653	-	-	2,067,653
Operating Expenses	-	3,661,565	-	3,661,565
TOTAL EXPENDITURES	56,456,772	3,661,565	27,393,522	87,511,859

EXCESS(DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,406,896	(1,208,857)	(18,279,700)	(15,081,661)
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OTHER FINANCING SOURCES(USES)				
Operating Transfers from Other Funds	-	1,428,667	-	1,428,667
Capital Transfers from Other Funds	-	-	3,382,200	3,382,200
Operating Transfers (to) Other Funds	(1,578,667)	-	-	(1,578,667)
Capital Transfers (to) Other Funds	(2,823,120)	-	-	(2,823,120)
Prior Bond Proceeds	-	-	6,290,795	6,290,795
Appropriated Use of Fund Balance	2,202,000	-	6,504,705	8,706,705
Capital Projects Transfers from General Fund Balance	-	-	2,202,000	2,202,000
General Fund Balance Transfers (to) Capital Projects	(2,202,000)	-	-	(2,202,000)
TOTAL OTHER FINANCING SOURCES (USES)	(4,401,787)	1,428,667	18,379,700	15,406,580

EXCESS(DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	\$ 5,109	\$ 219,810	\$ 100,000	\$ 324,919
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Beginning Fund Balance	\$ 22,514,138	\$ 3,132,114	\$ 8,467,481	\$ 34,113,733
Less Appropriated Use of Fund Balance	(2,202,000)	-	(6,504,705)	(8,706,705)
Ending Fund Balance	\$ 20,317,247	\$ 3,351,924	\$ 2,062,776	\$ 25,731,947

DETAIL OF ENDING FUND BALANCES:

Nonspendable	\$ 350,000	\$ -	\$ -	350,000
Restricted	-	1,327,694	-	1,327,694
Assigned	1,000,000	2,024,230	2,062,776	5,087,006
Unassigned	18,967,247	-	-	18,967,247
Ending Fund Balance	\$ 20,317,247	\$ 3,351,924	\$ 2,062,776	\$ 25,731,947

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2025

SOURCES OF FY25 GENERAL FUND REVENUE

The Proposed General Fund revenue of \$63.1M for FY25 represents a 3.3% increase compared to the FY24 Budget. The primary reasons for this increase in General Fund revenue are: \$2.6M growth in Property Tax Revenue as a result of an estimated 6.9% growth in assessed values, \$1.0M or 17.3% growth in Income & Other Taxes resulting from current trends in State Income Tax and Admissions and Amusement, \$1.2M growth in Charges for Services driven by planned trash rate increase, and growing interest from current market rates and cash balance in Unallocated Revenues. There are offsetting decreases in Intergovernmental Revenues from final utilization of ARPA funding being expended and Appropriated Use of Fund Balance for capital infrastructure needs.

The following table illustrates the change in the sources of General Fund Revenues from Revised Budget FY24 to Proposed Budget FY25.

Sources of General Fund Revenue Growth

FY 24/25 General Fund Budgeted Revenues	\$	63,065,668	
FY 23/24 General Fund Budgeted Revenues	\$	61,048,572	
Revenue Growth (Decrease)		2,017,096	3.3% Increase

Sources

Property Tax Revenue	2,615,977
Income & Other Taxes	1,012,023
Licenses & Permits	(33,300)
Intergovernmental Revenues	(1,352,209)
Charges for Current Services	1,282,323
Fine & Forfeitures	(22,500)
Unallocated Revenues	984,707
Transfers From Other Funds	(41,925)
Appropriated Use of Fund Balance	(2,428,000)
Total	\$ 2,017,096

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2025

EXPENDITURES OF FY25 GENERAL FUND RESOURCES

The change in the Proposed General Fund Budget for expenditures in FY25 totals \$2.0M representing an 3.3% increase in expenditures from the revised FY24 Budget of \$61.0M. The following table illustrates the changes in the use of General Fund budget resources by category of expenditure from FY24 to FY25. The total General Fund expenditure increase is primarily a result of the following: Wages & Benefits; Contracted Services; and Capital Expenditures.

Uses of General Fund Revenue Growth

FY 24/25 General Fund Budgeted Expenditures	\$ 63,060,559	
FY 23/24 General Fund Budgeted Expenditures	61,046,448	
Expenditure Growth (Decrease)	2,014,111	3.3% Increase
Uses		
Wage & Benefits	2,564,177	
Wage & Overhead Allocations	(105,619)	
Contracted Services	1,248,881	
Materials, Supplies & Utilities	(570,843)	
Insurance	35,758	
Capital Expenditures	702,784	
Debt Service	181,039	
Transfers To Other Funds	188,109	
Other Expenditures	197,825	
Fund Balance Transfer	(2,428,000)	
Total	\$ 2,014,111	

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2025

GENERAL FUND CAPITAL INVESTMENT

The following table summarizes our history of General Fund capital investment since FY08.

Fiscal Year	Capital Outlay	Appropriation To CIP Fund	GF Fund Balance Transfer to CIP	Total
2007/2008	201,312	1,267,000	-	1,468,312
2008/2009	164,018	1,179,314	-	1,343,332
2009/2010	45,781	397,563	-	443,344
2010/2011	69,225	666,506	-	735,731
2011/2012	658,297	336,952	-	995,249
2012/2013	88,123	1,102,759	-	1,190,882
2013/2014	177,981	832,268	-	1,010,249
2014/2015	178,836	353,507	546,903	532,343
2015/2016	248,127	822,655	103,869	1,174,651
2016/2017	235,928	1,042,752	-	1,278,680
2017/2018	131,439	307,740	632,107	1,071,285
2018/2019	191,131	1,105,492	205,419	1,502,042
2019/2020	156,194	997,562	1,311,227	2,464,983
2020/2021	140,130	1,144,147	731,167	2,015,444
2021/2022	135,646	1,496,819	4,026,730	5,659,195
2022/2023	199,986	3,175,447	840,000	4,215,432
Estimated Actual:				
2023/2024	290,545	2,471,279	3,230,748	5,992,572
Proposed Budget:				
2024/2025	357,565	2,823,120	2,202,000	5,382,685
2025/2026	359,565	9,849,500	-	10,209,065
2026/2027	379,565	4,063,650	-	4,443,215
2027/2028	384,565	4,149,750	-	4,534,315
2028/2029	394,565	2,869,250	-	3,263,815

Although we expect that we will encounter financial challenges over the next several years, we will attempt to be prudent in maintaining adequate levels of funding for capital projects so that the City's assets and infrastructure are replaced and maintained for our citizens' safety and recreational needs.

*The Proposed Budget for FY25 above includes the use of General Fund Balance reserves to maintain levels needed for capital improvement projects.

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2025

BONDED DEBT OUTSTANDING

In current FY24, the budget included a grand total of \$19.3M in GO bond issues for General Fund to help fund the construction of the Hagerstown Field House. Likewise, there was a total of \$2.5M in MDE loans for Water Fund projects: \$2.0M to replace Mack Tank and \$0.5M toward Edgemont Reservoir project. Now, it is anticipated that there will be no bonds issued in FY24.

Due to timing constraints, the FY25 Proposed Budget includes the following GO bond issues: \$15.9M General Fund supported bond issue to fund the construction of the Hagerstown Field House and a refunding for the Parking Fund of \$10.6M for the Short-term BAN loans for the HUB City Garage.

In addition, the FY25 Proposed Budget includes a \$500.0K MDE Loan in the Water Fund for a transmission mains extension project; a \$2.0M MDE Loan in the Water Fund to replace the Mack Tank; a \$250.0K MDE Loan in the Water Fund for improvements to Water Zone #5; and a \$1.5M MDE Loan in the Wastewater Fund for plant equipment upgrades. These proposed capital expenditures are described in detail in the Capital Improvement Program (Section 7).

The following table illustrates the balance of bonded debt outstanding at the end of each fiscal year over a 12-year period since FY14. It is separated into tax supported general bonded debt and self-supporting enterprise fund debt for the City's Electric, Water, Wastewater, Parking, Property Management, and Stormwater Protection funds. As reflected in the table below, the largest growth in total outstanding debt over this 12-year period is in the general tax supported funds.

<u>Fiscal Year</u>	<u>Total Bonded Debt</u>	<u>General Tax Supported</u>	<u>Self- Supporting Enterprise</u>
2013/2014	66,322,847	15,168,166	51,154,681
2014/2015	75,417,227	18,093,422	57,323,805
2015/2016	70,939,759	16,621,899	54,317,860
2016/2017	73,754,525	20,398,887	53,355,638
2017/2018	69,769,925	19,902,356	49,867,569
2018/2019	68,050,106	21,109,308	46,940,798
2019/2020	61,980,642	18,840,748	43,139,894
2020/2021	56,911,953	16,617,257	40,294,696
2021/2022	51,841,424	14,885,822	36,955,602
2022/2023	58,129,559	13,755,890	44,373,669
2023/2024 Estimated Actual	53,726,006	12,588,179	41,137,827
2024/2025 Proposed Budget	69,462,724	27,328,302	42,134,422
12 Year Increase in Outstanding Debt	\$ 3,139,877	\$ 12,160,136	\$ (9,020,259)

Finally, the City may continue to experience both direct and indirect impacts from repeated uncertainty in the Municipal Bond Market. There continue to be a variety of discussions regarding municipal bonds and how changes may impact the bond market interest rates and the cost of issuance with those bonds. As part of a prior national stimulus package, the City issued taxable Build America Bonds as part of its 2009 issuance. With this issue, the federal government was originally reimbursing 35% of the total interest paid to bondholders until December 2012 when the reimbursements were reduced. For this reason, the FY25 Proposed Budget anticipates minimal interest reimbursement.

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2025

DEBT LEVELS AND AFFORDABILITY

Neither State law nor the City's Charter places a limitation upon the amount of general obligation debt the City may incur. However, the City has strictly adhered to a debt management policy which is included as part of the fiscal policies section of this document to ensure it prudently and responsibly manages its debt. The debt management policy was last amended on December 16, 2014. While the City issues general obligation bonds for its utilities to lower interest costs, this debt is considered self-supporting from utility user service charges. Only non-utility general obligation financing bonds are considered to be tax supported.

As the table below demonstrates, the City's General Fund debt as currently proposed is below the limits established in the City's debt policy.

TAX SUPPORTED GENERAL FUND OBLIGATION DEBT RATIOS

Fiscal Year	Total Taxable Assessed Value	Gov't Debt as Percentage of Total Taxable Assessed Value	Gov't Debt Per Capita	General Fund Debt Service as % of General Fund Operating Revenue
2013/2014	2,665,127	0.57%	382	4.80%
2014/2015	2,541,960	0.71%	448	4.44%
2015/2016	2,618,007	0.63%	411	4.85%
2016/2017	2,659,606	0.77%	504	5.15%
2017/2018	2,659,872	0.75%	494	5.51%
2018/2019	2,713,633	0.78%	525	5.49%
2019/2020	2,754,271	0.68%	469	6.42%
2020/2021	2,814,132	0.59%	382	4.19%
2021/2022	2,934,391	0.51%	342	4.40%
2022/2023	3,052,635	0.45%	315	2.88%
2023/2024 Estimated Actual	3,272,954	0.38%	288	2.71%
2024/2025 Proposed Budget	3,461,397	0.79%	625	3.40%
City Debt Policy		10.00%	\$ 1,000	10.00%

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2025

GENERAL FUND

REVENUES

The sources of funds to support the proposed General Fund budget are as follows:

	Revised Budget 2023/24	Estimated Actual 2023/24	Proposed Budget 2024/25	Percent Change
Property Tax Revenue	\$ 37,646,300	\$ 38,256,010	\$ 40,262,277	6.9%
Income & Other Taxes	5,834,457	6,740,670	6,846,480	17.3%
Licenses & Permits	2,389,300	2,940,400	2,356,000	-1.4%
Intergovernmental Revenues	2,322,606	2,251,628	970,397	-58.2%
Charges for Current Services	4,467,886	4,566,157	5,750,209	28.7%
Fines & Forfeitures	1,150,150	1,123,100	1,127,650	-2.0%
Administrative Allocation Revenues	1,997,500	1,997,500	1,997,500	0.0%
Contributions & Donations	33,278	37,395	30,965	-7.0%
Interest on Investments	310,000	1,975,000	1,255,000	304.8%
Other Unallocated General Revenues	225,170	275,851	267,190	18.7%
Transfers from Other Funds	41,925	41,925	-	-100.0%
Appropriated Use of Fund Balance	4,630,000	-	2,202,000	-52.4%
Total Current Revenue	\$ 61,048,572	\$ 60,205,636	\$ 63,065,668	3.3%

1. Overall Property Tax revenue is estimated to increase from FY24 Budget to FY25 Proposed Budget by \$2.6M or 6.9% as a result of two primary factors. One factor is the impact of keeping the current real estate tax tier rates of 1.002 per \$100 of assessed values for all real property. A second factor is a projected 6.9% growth based on trends in our assessed values in the second year of the triennial cycle. Part of this growth is related to new development projects and future annexations. This total increase in revenue is needed to cover rising costs for salary enhancements, employer benefits, capital infrastructure improvements and updates, and annual debt service requirements. Total Property Tax revenue is the primary source of revenue for the General Fund at 66.2% excluding Transfers from Other Funds and Appropriated Use of Fund Balance and 63.8% when including these other funding sources.
2. Intergovernmental Revenues are expected to decrease by \$1.4M or 58.2% compared to FY24 Budget due to American Rescue Plan Act funding being utilized and expended through December 2024.
3. In total, Charges for Current Services is anticipated to increase as a result of trash rate increases associated with new trash contract being passed to customers. The quarterly rates will increase from \$55 to \$73.
4. Interest on Investments are projected to increase overall by \$945.0K or 304.8%. This is primarily the result of the Federal Reserve Board increasing interest rates and maintaining consistent cash balances.
5. Appropriated Use of Fund Balance reflects a total request of \$2.2M to be utilized from prior years' General Fund balance for a variety of purposes. This represents a decrease of <\$2.4M> over FY24 Budget amounts. This total reflects \$1.6M in previously approved reserve balance utilization for projects that were delayed. It also includes \$600.0K in additional reserves utilization beyond previously approved amounts from FY23 General Fund surplus. It is anticipated that the City will remain in compliance with its General Fund/Retained Earnings policy if all is spent.

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2025

COST BY FUNCTION

The General Fund expenditures by City functions are shown as follows:

	Revised Budget 2023/24	Estimated Actual 2023/24	Proposed Budget 2024/25	Percent Change
Police	\$ 16,786,484	\$ 16,652,038	\$ 17,914,495	6.7%
Fire	10,668,770	10,506,595	11,373,554	6.6%
Subtotal Public Safety	27,455,254	27,158,633	29,288,049	6.7%
Mayor & Council	248,363	217,493	208,858	-15.9%
City Administrator	253,473	249,386	261,069	3.0%
City Clerk	186,354	170,003	190,364	2.2%
Legal Counsel	276,000	281,000	281,000	1.8%
Community Engagement & Farmers Market	425,751	429,153	432,543	1.6%
Communications	296,776	287,762	302,978	2.1%
Finance	1,038,909	1,040,274	1,078,627	3.8%
Information Technology	1,356,824	1,321,438	1,624,461	19.7%
Support Services, Billing & Treasurer	570,002	695,067	647,721	13.6%
Planning & Code Administration	2,307,980	2,226,486	2,436,209	5.6%
City Hall & Annex	347,497	374,139	400,712	15.3%
Engineering & Construction	1,393,581	1,262,581	1,421,807	2.0%
Human Resources	672,068	690,659	723,721	7.7%
Highways, Streets, & Signal Department	3,483,949	3,309,944	3,691,738	6.0%
Waste Collection & Disposal	4,502,535	4,529,304	4,875,807	8.3%
Parks and Recreation	3,259,829	3,157,911	3,566,102	9.4%
Economic & Community Development	779,259	796,161	911,328	16.9%
Retiree Benefits	1,664,540	1,510,025	1,656,025	-0.5%
Contributions to Other Agencies	205,000	205,000	205,000	0.0%
Debt Service	1,886,613	1,628,899	2,067,653	9.6%
Capital Transfers to Other Funds	2,226,279	2,246,279	2,823,120	26.8%
Fund Balance Transfers	4,630,000	3,230,748	2,202,000	-52.4%
Unallocated Expenses/Transfers*	1,579,612	1,400,558	1,763,667	11.7%
Total General Fund	\$ 61,046,448	\$ 58,418,903	\$ 63,060,559	3.3%

* Includes Operating Transfers, Contingency, Inventory Adjustments, and Termination Pay

1. Police is anticipated to be \$1.1M or 6.7% higher than the FY24 budget. Salaries, benefits, and overtime represent \$1.1M of this due to negotiated salary increases for staff, corresponding employer benefit increases, and 3 new full-time positions. In addition, there is an increase in fire arms and body armor with an offsetting decrease for 911 costs to the County.
2. Fire is anticipated to be \$704.8K or 6.6% higher than the FY24 budget. Salaries, benefits, and overtime represent \$539.8K of the increase due to a negotiated contract and the restoration of a Fire Deputy Fire Chief position. All other categories increased as well.
3. The FY25 Proposed Budget for Information Technology is estimated to be \$267.6K or 19.7% higher than FY24 Budget. This increase is due to increasing costs for much needed software and security.
4. The FY25 Proposed Budget for Waste Collection and disposal is estimated to be \$373.3K or 8.3% higher than FY24 Budget. This increase is due to new trash totes purchased for City customers using ARPA funding and anticipated increases when the trash services contract expires.
5. The FY25 Proposed Budget for Unallocated Expenses reflects an increase of \$184.1K or 11.7%. The primary growth is due to increasing transfers to the Golf Course Fund and Economic Redevelopment Funds plus including a small amount for contingency purposes.

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2025

EXPENDITURES BY TYPE

The use of funds by General Fund expenditures can also be analyzed as follows:

	Revised Budget 2023/24	Estimated Actual 2023/24	Proposed Budget 2024/25	Percent Change
Salaries and Wages	\$ 24,751,537	\$ 24,563,137	\$ 26,404,338	6.7%
Employee Benefits	11,279,186	10,794,454	12,190,562	8.1%
Total Wages and Benefits	36,030,723	35,357,591	38,594,900	7.1%
Wage & Overhead Allocations	(1,593,068)	(1,171,124)	(1,689,687)	6.1%
Contracted Services	6,526,388	6,517,525	7,775,269	19.1%
Materials, Supplies & Utilities	3,419,101	3,415,723	2,848,258	-16.7%
Insurance	365,433	372,324	401,191	9.8%
Advertising & Printing	221,828	204,048	200,685	-9.5%
Rentals	90,526	100,622	177,071	95.6%
Maintenance & Repairs	2,022,684	1,953,032	2,282,921	12.9%
Vehicle Expenditures	967,765	976,176	1,057,147	9.2%
Professional Development	239,134	211,914	281,440	17.7%
Communication Expenditures	419,154	288,964	433,835	3.5%
Other General Expenditures	1,226,618	754,355	1,118,524	-8.8%
Unallocated General Expenditures	725,089	650,724	550,000	-24.1%
Debt Service	1,886,614	1,628,899	2,067,653	9.6%
Capital Outlay - Non CIP	251,622	290,545	357,565	42.1%
Operating Transfers to Other Funds	1,390,558	1,390,558	1,578,667	13.5%
Capital Transfers to Other Funds	2,226,279	2,246,279	2,823,120	26.8%
Fund Balance Transfer to CIP Fund	4,630,000	3,230,748	2,202,000	-52.4%
Total All Expenditures	\$ 61,046,448	\$ 58,418,903	\$ 63,060,559	3.3%

The major variances in General Fund expenditures by type are as follows:

1. The \$2.6M or 7.1% increase in Total Wages & Benefits reflects salary enhancements for all employee groups including minimum wage increases impacting part-time and seasonal staff. Contracts for collective bargaining groups are in place through June 2025 for AFSCME 1540, AFSCME 3373, and IAFF 1605. Overtime and associated employer benefit costs are anticipated to grow. At a combined total of \$38.6M, General Fund Wages & Benefits represent 61.2% of the total annual operating expenditures for FY25 Proposed Budget and is the largest component of all General Fund expenditures.
2. Contracted Services reflects an increase of \$1.2M or 19.1% higher than current budget. The largest growing costs is for a new trash contract and credit card fees based on current trends with smaller offsetting decreases in a grant funded professional consultant study, contractual staffing, and ground services.
3. Materials, Supplies & Utilities is projected to decrease <\$570.8K> or <16.7%> as a result of a large FY24 purchase of trash totes for all city residents that will be funded with ARPA monies. Most other areas are increasing to include fire volunteer incentives, pool chemicals, electric costs, and various supplies.
4. Professional Development is projected to increase \$42.3K or 17.7% as staff participates in more in-person trainings and conferences to strengthen skills needed within the City.
5. The \$181.0K or 9.6% increase in Debt Service reflects a significant new bond issue in FY24 to help fund the Hagerstown Field House while continuing to pay all outstanding annual debt service costs.

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2025

ENTERPRISE FUNDS

ELECTRIC FUND

	Revised Budget 2023/24	Estimated Actual 2023/24	Proposed Budget 2024/25	Percent Change
Operating Revenues	\$ 27,392,490	\$ 22,477,450	\$ 29,035,850	6.0%
Operating Expenses	27,738,383	23,875,579	29,573,245	6.6%
Operating Income (Loss)	(345,893)	(1,398,129)	(537,395)	55.4%
Non-Operating Revenues (Expenses)	42,616	220,616	221,131	418.9%
Gain (Loss) on Fixed Asset Disposal	(15,000)	(15,000)	(15,000)	0.0%
Transfers from (to) Other Funds	(8,200)	(8,200)	(65,920)	703.9%
Capital Contributions & Grants	661,700	739,309	311,125	-53.0%
Increase (Decrease) in Retained Earnings	335,223	(461,404)	(86,059)	-125.7%
Add Back Depreciation	1,058,000	1,001,000	1,097,000	3.7%
Capital Outlay/Fixed Assets	(4,285,850)	(2,846,348)	(4,160,500)	-2.9%
Principal Payments on Long-Term Debt	(18,521)	(18,521)	(19,536)	5.5%
Non-Cash Developer Contributions	(380,000)	(457,609)	(186,125)	-51.0%
Net Surplus (Deficit)	\$ (3,291,148)	\$ (2,782,882)	\$ (3,355,220)	1.9%

Compared with the previous year, the major revenue changes in the Proposed Budget are:

1. Electric rate increases have been projected for FY25. The proposed budget reflects a wholesale power supply contract effective June 1, 2024 through December 31, 2026 with AEP Energy Partners at a rate of \$54.05 per megawatt hour (MWh).
2. Electric revenue shows an overall 6.0% increase which reflects the continuation of current FY24 customer trends and usage as well as a few new large commercial accounts anticipated.
3. Non-Operating Revenues are expected to increase by 418.9% or \$178.5K as a result of higher market rates for Interest Earned .

The major expenditure changes in the Proposed Budget are as follows:

1. Purchased power costs are projected to be higher by 6.7% or \$1.4M compared to FY24 Budget and reflects the charge per megawatt hour (MWh) of \$54.05 which went into effect on June 1, 2024 and higher utilization trends as experienced in FY24.
2. Depreciation expense from FY24 Budget to FY25 Proposed Budget includes an increase of 3.7% or \$39.0K due to increasing infrastructure projects over prior levels.
3. Capital outlay totals for fixed assets are expected to decrease by <\$125.4K> to total \$4.2M. The Capital Improvement Program, Section 7, provides details on all the Electric Fund projects anticipated for FY25 beginning on page 110.
4. Annual debt service expenditures are expected to increase by 5.5% or \$1.0K. This is reflected in the Principal Payments on Long-Term Debt line above. There are no new anticipated bond issues expected for the Electric Fund.

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2025

WATER FUND

	Revised Budget 2023/2024	Estimated Actual 2023/24	Proposed Budget 2024/25	Percent Change
Operating Revenues	\$ 14,262,872	\$ 14,300,506	\$ 14,400,500	1.0%
Operating Expenses	17,980,294	16,018,540	18,558,863	3.2%
Operating Income (Loss)	(3,717,422)	(1,718,034)	(4,158,363)	11.9%
Non-Operating Revenues (Expenses)	(171,305)	1,062,047	1,062,620	-720.3%
Transfers from (to) Other Funds	(8,200)	(8,200)	(65,920)	703.9%
Capital Contributions & Grants	2,552,600	2,750,000	750,000	-70.6%
Increase (Decrease) in Retained Earnings	(1,344,327)	2,085,813	(2,411,663)	79.4%
Add Back Depreciation	4,144,000	4,014,000	4,229,000	2.1%
Capital Outlay/Fixed Assets	(7,956,859)	(3,695,000)	(8,062,500)	1.3%
Principal Payments on Long-Term Debt	(1,721,015)	(1,721,015)	(1,734,848)	0.8%
Non-Cash Developer Contributions	(300,000)	(250,000)	(250,000)	0.0%
MDE Bond Financing	2,500,000	-	2,750,000	10.0%
MDE Loan Forgiveness	(1,500,000)	(1,500,000)	-	-100.0%
Net Surplus (Deficit)	\$ (6,178,201)	\$ (1,066,202)	\$ (5,480,011)	-11.3%

Compared with the previous year, the major revenue changes in the Proposed Budget are:

1. A new cost rate study is currently in process with the City's consultant. The FY25 Proposed Budget includes an average increase of 0.5%. A rate increase of 14.0% is included for FY26, FY27, and FY28 and 3.0% for FY29. The service rate increase is part of a multi-year plan to offset increasing debt service costs, rising depreciation expense, and decreasing capital contributions.

The major expenditure changes in the Proposed Budget are as follows:

1. The FY25 Proposed Budget includes an increase of 3.2% or \$578.6K for total operating expenses. The FY25 Budget includes approved salary enhancements. The current AFSCME 1540 union contract is effective through June 2025. In addition, other primary increases are for drastically rising chemical costs and increases in depreciation due to the planned infrastructure upgrades. The increases are reflected within the Water Fund division as follows: an increase of \$67.9K in Transmission & Distribution; an increase in Depreciation of \$85.0K; and an increase of \$1.8M in General & Administrative Expenses.
2. Capital Contributions and Benefit Charges are expected to remain decrease <70.6%> or <\$1.8M> in FY25 primarily due to MDE Loan Forgiveness and grants received in FY24.
3. Capital outlay totals for fixed assets are estimated to increase by 1.3% or \$105.6K. Projects include Mack Water Tank Replacement, Edgemont Reservoir Improvements, Willson Treatment Plant Improvements, and Distribution System Rehabilitation and Main Replacement in the FY25 Proposed Budget figures. In future years, Willson Transmission Mains has \$42.8M budgeted for a construction period which continues through FY29; and the Antietam Creek Intake and Water Plant has \$29.0M budgeted for design and construction through FY28. The Capital Improvement Program, Section 7, provides details on all the Water Fund projects anticipated for FY25 Budget beginning on page 132.
4. Annual debt service expenditures are expected to increase slightly as reflected in the Principal Payments on Long-Term Debt line above. A \$2.8M MDE loan for FY25 planned improvements is anticipated.

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2025

WASTEWATER FUND

	Revised Budget 2023/24	Estimated Actual 2023/24	Proposed Budget 2024/25	Percent Change
Operating Revenues	\$ 14,078,500	\$ 14,946,000	\$ 15,359,200	9.1%
Operating Expenses	15,457,375	14,925,790	16,927,057	9.5%
Operating Income (Loss)	(1,378,875)	20,210	(1,567,857)	13.7%
Non-Operating Revenues (Expenses)	(220,309)	309,691	644,656	-392.6%
Gain (Loss) on Fixed Asset Disposal	1,500	-	1,500	0.0%
Transfers from (to) Other Funds	(8,200)	(8,200)	(65,920)	703.9%
Capital Contributions & Grants	7,210,480	3,810,480	5,670,000	-21.4%
Increase (Decrease) in Retained Earnings	5,604,596	4,132,181	4,682,379	-16.5%
Add Back Depreciation	3,334,000	3,279,000	3,609,000	8.2%
Capital Outlay/Fixed Assets	(9,293,973)	(7,850,927)	(16,195,072)	74.3%
Principal Payments on Long-Term Debt	(1,412,058)	(1,412,058)	(1,411,922)	0.0%
Non-Cash Developer Contributions	(150,000)	(100,000)	(250,000)	66.7%
MDE Bond Financing	-	-	1,500,000	100.0%
Net Surplus (Deficit)	\$ (1,917,435)	\$ (1,951,804)	\$ (8,065,615)	320.6%

Compared with the previous year, the major revenue changes in the Proposed Budget are:

1. A new cost study is currently in process with the City's consultant. The FY25 Proposed Budget includes an average increase of 3.0%. A rate increase of 13.0% is included for FY26, FY27, and FY28 and 3.0% for FY29. The service rate increase is part of a multi-year plan to offset increasing debt service costs, rising depreciation expense, and decreasing capital contributions. Overall total operating revenues reflect an increase of 9.1% or \$1.3M in the chart above.

The major expenditure changes in the Proposed Budget are as follows:

1. The FY25 Proposed Budget includes an overall increase of 9.5% or \$1.5M for total operating expenses. The FY25 Budget includes approved salary enhancements. The current AFSCME 1540 union contract is effective through June 2025. The other primary reasons for this total increase are an increase in all categories including: plant expenses, laboratory expenses, chemicals, collections, and administrative costs.
2. Capital Contributions & Grants are projected to decrease by <21.4%> or <\$1.5M> due to a reallocation of American Rescue Plan Act (ARPA) funding utilized for Capital Improvement Projects. Increases in MDE grants for Pump Station #13 and WWT Plant Equipment offset the ARPA decreases.
3. Capital outlay totals for fixed assets are projected to increase by 74.3% or \$6.9M. Prominent projects include East End Pump Station #33 and Pump Station #13 Reconstruction. The Capital Improvement Program, Section 7, provides details on all the Wastewater Fund projects anticipated for the FY25 Budget beginning on page 146.
4. A \$1.5M MDE Loan for plant equipment upgrades is anticipated for the Wastewater Fund in the FY25 Proposed Budget. Annual debt service expenditures are expected to decrease slightly as reflected in the Principal Payments on Long-Term Debt line above for payment of current outstanding obligations.

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2025

PARKING FUND

	Revised Budget 2023/24	Estimated Actual 2023/24	Proposed Budget 2024/25	Percent Change
Operating Revenues	\$ 923,640	\$ 1,001,372	\$ 1,276,940	38.3%
Operating Expenses	1,139,461	1,311,888	1,480,512	29.9%
Operating Income (Loss)	(215,821)	(310,516)	(203,572)	-5.7%
Non-Operating Revenues (Expenses)	(511,931)	(100,320)	(277,270)	-45.8%
Transfers from (to) Other Funds	495,312	495,312	(11,320)	-102.3%
Increase (Decrease) in Retained Earnings	(232,440)	84,476	(492,162)	111.7%
Add Back Depreciation	263,000	523,900	526,400	100.2%
Capital Outlay/Fixed Assets	(10,305,000)	(11,590,036)	(35,000)	-99.7%
Principal Payments on Long-Term Debt	(32,634)	(32,634)	(10,633,835)	32485.1%
Bond Proceeds	-	-	10,600,000	0.0%
Net Surplus (Deficit)	\$ (10,307,074)	\$ (11,014,294)	\$ (34,597)	-99.7%

Compared with the previous year, the major revenue changes in the Proposed Budget are:

1. Parking rates were last increased for the parking decks and parking lots by Mayor & Council on July 1, 2021. While no rate increases are reflected separately for FY25, rates are being reviewed to determine overall pricing strategy for rates in the two parking decks and the new HUB City Garage. Current parking deck rates in University District and A&E are \$70/month or maximum \$8.00/day; after hours is \$2 from 4 PM to 6 AM weekdays and Saturdays; Sundays are free. Parking lot rates are \$56/month.
2. Operating revenues are anticipated to increase by 38.3% or \$353.3K from FY24 Budget to FY25 Budget. This is primarily due to the opening of the Hub City Garage and the increase in revenue it is expected to bring in.

The major expenditure changes in the Proposed Budget are as follows:

1. Total operating expenses in the FY25 Proposed Budget reflects an increase of 29.9% or \$341.1K. The primary reasons for this increase are the costs associated with opening the Hub City Garage. salary costs, minimum wage increases, benefit increases, and contracted services for new parking deck design. The current AFSCME 1540 union contract is effective through June 2025.
2. Principal Payments on Long-Term Debt will increase \$10.6M in FY25 as the Bond Anticipation Note (BAN) for the Hub City Garage is refunded. Bond Proceeds include \$10.6M for the issuance of a GO Bond for the construction of the Hub City Garage which is expected to be completed at the end of FY24.
3. Non-Operating Expenses are projected to decrease <45.8%> or <\$234.7K> due to a decrease in bond interest expense related to the Hub City Garage.
4. Capital outlay totals for fixed assets are projected to decrease by \$10.3M due to the completion of the construction of the Hub City Garage. The Capital Improvement Program, Section 7, provides details on all the Parking Fund projects anticipated for FY25 beginning on page 160.

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2025

GOLF COURSE FUND

	Revised Budget 2023/24	Estimated Actual 2023/24	Proposed Budget 2024/25	Percent Change
Operating Revenues	\$ 335,400	\$ 362,900	\$ 378,400	12.8%
Operating Expenses	612,869	567,850	715,305	16.7%
Operating Income (Loss)	(277,469)	(204,950)	(336,905)	21.4%
Non-Operating Revenues (Expenses)	3,650	15,000	10,000	174.0%
Transfers from (to) Other Funds	250,000	250,000	150,000	-40.0%
Increase (Decrease) in Retained Earnings	(23,819)	60,050	(176,905)	0.0%
Add Back Depreciation	65,900	52,700	74,100	12.4%
Capital Outlay/Fixed Assets	(75,000)	(75,000)	(107,000)	42.7%
Net Surplus (Deficit)	\$ (32,919)	\$ 37,750	\$(209,805)	537.3%

Compared with the previous year, the major revenue and expenditure changes in the Proposed Budget are as follows:

1. Overall operating revenues are anticipated to increase by 12.8% or \$43.0K from FY24 Budget to FY25 Proposed Budget due to increases in Greens Fees and Sponsorship revenue. The current FY24 trends are higher than FY24 Budget levels and it is anticipated that FY25 will improve slightly more. The last rate adjustments for the Golf Course happened on January 1, 2021.
2. The operating expenses in the FY25 Budget are 16.7% or \$102.4K higher than FY24 Budget. An allocation shift for part-time staff between the Golf and Parks department is planned for FY25. The FY25 Budget does include salary enhancements for full-time employees as the current AFSCME 1540 union contract is effective through June 2025.
3. Transfers from Other Funds is projected to decrease by <40.0%> or <\$100.0K> due to a decrease in the General Fund subsidy to \$150.0K necessary to help offset the expenses and project costs.
4. Capital outlay totals for fixed assets are expected to increase from FY24 Budget to FY25 Budget. The Capital Improvement Program, Section 7, provides details on the Golf Fund project anticipated for FY25 on page 164.

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2025

PROPERTY MANAGEMENT FUND

	Revised Budget 2023/24	Estimated Actual 2023/24	Proposed Budget 2024/25	Percent Change
Operating Revenues	\$ 472,337	\$ 255,440	\$ 231,165	-51.1%
Operating Expenses	407,704	417,628	444,404	9.0%
Operating Income (Loss)	64,633	(162,188)	(213,239)	-429.9%
Non-Operating Revenues (Expenses)	2,672	22,672	22,849	755.1%
Increase (Decrease) in Retained Earnings	67,305	(139,516)	(190,390)	-382.9%
Add Back Depreciation	108,300	105,200	111,200	2.7%
Capital Outlay/Fixed Assets	(220,000)	(17,700)	(90,000)	-59.1%
Principal Payments on Long-Term Debt	(5,992)	(5,992)	(6,036)	0.7%
Net Surplus (Deficit)	\$ (50,387)	\$ (58,008)	\$ (175,226)	247.8%

Compared with the previous year, the major revenue and expenditure changes in the Proposed Budget are as follows:

1. Overall operating revenues are anticipated to decrease by <51.1%> or <\$241.2K> due to rental income loss as Community & Economic Development prepares to move from the Elizabeth Hager Center to a newly purchased City building not held by Property Management Fund. In addition, several tenants have vacated rental properties.
2. Total operating expenses in the FY25 Proposed Budget reflect an overall increase of 9.0% or \$102.4K compared to the FY24 Budget primarily due to increases in personnel expenses.
3. Non-Operating Revenues (Expenses) are projected to increase by 755.1% or \$20.2K from FY24 Budget to FY25 Proposed Budget as a result of an increase interest revenue and maintaining current cash balance.
4. Capital outlay totals for fixed assets are projected to decrease by <59.1%> or <\$130.0K> as a result of normal improvements for FY25. The Capital Improvement Program, Section 7, provides details on the various Property Management Fund projects anticipated for FY25 Budget beginning on page 166.

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2025

**STORMWATER PROTECTION
FUND**

	Revised Budget 2023/24	Estimated Actual 2023/24	Proposed Budget 2024/25	Percent Change
Operating Revenues	\$ 3,292,000	\$3,416,000	\$ 3,295,000	0.1%
Operating Expenses	1,334,654	1,132,858	1,355,880	1.6%
Operating Income (Loss)	1,957,346	2,283,142	1,939,120	-0.9%
Non-Operating Revenues (Expenses)	6,435	173,435	175,051	2620.3%
Transfers from (to) Other Funds	-	-	(100,000)	100.0%
Capital Contributions & Grants	740,000	136,640	820,000	10.8%
Increase (Decrease) in Retained Earnings	2,703,781	2,593,217	2,834,171	4.8%
Add Back Depreciation	138,900	109,000	160,300	15.4%
Capital Outlay/Fixed Assets	(2,621,000)	(1,563,700)	(4,170,000)	59.1%
Principal Payments on Long-Term Debt	(37,374)	(37,374)	(38,981)	4.3%
Net Surplus (Deficit)	\$ 184,307	\$1,101,143	\$ (1,214,510)	-759.0%

Compared with the previous year, the major revenue and expenditure changes in the Proposed Budget are as follows:

1. The annual Stormwater rate extended through June 2024 is \$36.00 per 1000 square feet of impervious surface. A new cost rate plan is currently being calculated by a third-party consultant to adequately cover the future costs associated with this fund and programs.
2. Operating revenues are projected to increase 0.1% or \$3.0K in FY25 due to maintaining the current customer base. Non-operating revenues are expected to increase as a result of interest income increasing due to a growing cash balance.
3. Total operating expenses in the FY25 Proposed Budget are anticipated to increase by 1.6% or \$21.2K compared to the FY24 Budget due to increases in infrastructure maintenance.
4. Depreciation expense is projected to increase by 15.4% or \$21.4K from FY24 Budget to FY25 Proposed Budget due to investment in infrastructure in the fund.
5. Capital outlay totals for fixed assets are projected to increase by 59.1% or \$1.5M as a result of a stream restoration, retrofits of existing flood-control stormwater facilities, and normal improvements for FY25. The Capital Improvement Program, Section 7, provides details on the various Stormwater Protection Fund projects anticipated for FY25 Budget beginning on page 169.

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2025

SPECIAL REVENUE FUNDS

**COMMUNITY DEVELOPMENT BLOCK
GRANT FUND**

	Revised Budget 2023/24	Estimated Actual 2023/24	Proposed Budget 2024/25	Percent Change
CDBG Grant Revenues	\$ 1,329,630	\$ 824,382	\$ 1,106,156	-16.8%
Program Income	445,075	578,075	165,075	-62.9%
Total Operating Revenues	1,774,705	1,402,457	1,271,231	-28.4%
Commercial/Industrial Improvements	50,000	60,000	50,000	0.0%
Clearance & Demolition	75,000	-	100,000	33.3%
Public Facilities & Improvements	782,788	783,448	290,000	-63.0%
Public Services	231,771	211,771	140,000	-39.6%
Contra Principal Payments	70,000	200,000	140,000	100.0%
Cost of Properties Held for Resale	542,940	542,940	-	-100.0%
Housing Rehab	212,500	229,482	222,000	4.5%
Program Administration	84,896	85,821	92,839	9.4%
Administration	159,303	86,230	207,441	30.2%
Total Operating Expenditures	2,209,198	2,199,692	1,242,280	-43.8%
Net Change in Fund Balance	\$ (434,493)	\$ (797,235)	\$ 28,951	-106.7%

Compared with the previous year, the major revenue changes in the Proposed Budget are as follows:

1. Total Revenues reflect an overall decrease of <\$503.5K> or <28.4%> from FY24 Budget. This is a result of a decrease in the use of Entitlement monies by <\$223.5K> or <16.8%> and from a decrease in program income by <\$280.0K> or <62.9%> as it returns to normal levels compared to FY24. There is chart that reflects the City's entitlement funding history in Section 4 on page 6.

Compared with the previous year, the major expenditure changes in the Proposed Budget are:

1. Administration is projected to increase by \$48.1K or 30.2% for FY25 Budget primarily due to \$50.0K budgeted for an updated Consolidated Plan.
2. Public Services are projected to decrease by <\$91.8K> or <39.6%> in FY25 due to returning to normal levels in FY24 and final utilization of the one-time CDBG CARES funding.
3. Public Facilities & Improvements are projected to decrease by <\$492.8K> or <63.0%> in FY25 due to the completion of large projects being completed in FY24.
4. Cost of Properties Held for Resale is expected to decrease by <\$542.9K> or <100.0%> in FY25 due to the one-time sale of 261/263 South Prospect Street in FY24.

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2025

THE BUDGET SCHEDULE

The Municipal Charter of Hagerstown requires the City Administrator to submit a budget to the Mayor and Council at least 90 days before the beginning of the fiscal year. The Charter states that the “budget shall provide a complete financial plan for the budget year and shall contain estimates of anticipated revenues and proposed expenditures for the coming year. The total of the anticipated revenues shall equal or exceed the total of the proposed expenditures.” The Charter also states that the budget shall be adopted no later than June 1st of each year.

The budget schedule for this year is as follows:

November 13 – November 20, 2023	Department review meetings for 1 st Quarter FY24 financial operating results
November 30, 2023	First Public Hearing on Community Development Block Grant funding needs
January 2 – January 23, 2024	Department budget requests and start of review meetings between Department Directors and Budget Committee
February 1, 2024	Begin prioritizing department requests and developing City Administrator adjustments. This process includes discussing proposed adjustments, obtaining further input, and agreement on adjustments with departments.
March 31, 2024	City Administrator's Proposed Budget submitted to Mayor and City Council
April 2 – May 14, 2024	Mayor and City Council review of Proposed Budget and Capital Improvement Program
May 7, 2024	Second Public Hearing on Community Development Block Grant funding needs
May 7, 2024	Introduction of Ordinances: FY25 Budget and Property Tax Rates
May 7, 2024	Public Hearing on FY25 Budget and Capital Improvement Program; Public Hearing on property tax rates
May 14, 2024	Adoption of Ordinances: FY25 Budget and Property Tax Rates

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2025

ACKNOWLEDGEMENTS

This proposed budget is a result of the unified efforts of the City's Senior Leadership Team across all departments and Funds and their staff who have given hours of thought and diligence to prioritizing the programs and projects for inclusion. We commend and thank them for their work.

Preparation of the budget is a unified effort, but we must recognize the Finance Team as the lead in guiding the budget preparation. We wish to especially acknowledge Finance team members: Brooke Garver, Accounting & Budget Manager; Jeff Lear, Senior Financial Accountant; and Heidi Herman, Senior Financial Accountant, who had key responsibilities in the process this year. The entire Finance staff deserves special acknowledgment and credit for the extra hours worked in assisting with and coordinating the production of this year's budget. Ashley Newcomer, Utilities Finance Manager assisted in the preparation of utility revenue projections as well as reviewing and analyzing all of the utility fund budgets. Human Resources staff provided oversight on personnel and fringe benefit budget issues. All of the mentioned contributions have resulted in this comprehensive presentation of the FY25 Budget. The staff and I look forward to reviewing this proposed budget with you.

Respectfully Submitted,



Scott Nicewarner, City Administrator

**REQUIRED MOTION
MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND**

Topic:

Human Trafficking Awareness Training – *Paul Fulk, Neighborhood Services Manager and Emily McFarland, Neighborhood Services Coordinator*

Mayor and City Council Action Required:

Discussion:

Financial Impact:

Recommendation:

Motion:

Action Dates:

ATTACHMENTS:

File Name

Memo_to_M_C_re_Human_Trafficking_Training.pdf

Description

Human Trafficking
Awareness Training



CITY OF HAGERSTOWN, MARYLAND

Planning & Code Administration Department

One East Franklin Street • Hagerstown, MD 21740

E-mail: codecompliance@hagerstownmd.org

Telephone: 301-739-8577, ext. 103 • Website: www.hagerstownmd.org

MEMORANDUM

TO: Scott Nicewarner, City Administrator
FROM: Emily McFarland, Neighborhood Services Programs Coordinator, II
DATE: March 25, 2024
SUBJECT: Human Trafficking Awareness Training

Lindsey Carpenter, Chief Assistant State's Attorney and Christopher Reid, Special Agent will be present on April 2, 2024 to present Human Trafficking Awareness Training to Mayor and Council.

Topics discussed will include:

- What is Human Trafficking and Who Are the Victims?
- Sex Trafficking vs. Forced Labor
- Indicators of Sex Trafficking and Forced Labor

**REQUIRED MOTION
MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND**

Topic:

Cultural Trail Crosswalk Location across Baltimore Street - *Jim Bender, City Engineer*

Mayor and City Council Action Required:

Discussion:

Financial Impact:

Recommendation:

Motion:

Action Dates:

ATTACHMENTS:

File Name

Council_Memo_-_Cultural_Trail_Crosswalk_on_Baltimore_Street.pdf

Description

MEMO: Cultural Trail - Baltimore Street



CITY OF HAGERSTOWN, MARYLAND

Engineering Department

April 2, 2024

TO: Scott Nicewarner, City Administrator

FROM: Jim Bender, City Engineer *JB*

RE: Cultural Trail crosswalk location across Baltimore Street

1. Background

Staff has been coordinating the relocation of the Cultural Trail along W. Baltimore Street with the Hagerstown Housing Authority (HHA) and the Maryland Stadium Authority; the trail needs to be relocated due to features of Meritus Park that are being installed on the north side of the street. Staff consulted with HHA and the City Attorney to develop an easement agreement for the construction of the trail along the frontage of HHA's property. When the agreement was proposed for consideration by the City Council, the Council expressed concern about the newly proposed crosswalk location. The purpose of this memo is to explain the rationale for the crosswalk's location, and explain why staff feels that the location is the safest place for the crosswalk.

2. Mayor & Council Action Requested

Determine whether or not to accept staff's assessment of the proposed crosswalk location. If Council is in agreement, staff would ask the Council to reconsider approval of the easement agreement with HHA to allow the relocation of the Cultural Trail to begin. Staff will be present at the work session to discuss.

3. Discussion

The conceptual plans for Meritus Park showed the relocated Cultural Trail on the north side of Baltimore Street wrapping around the right field corner of the stadium, and then running west to the existing crosswalk location (see attached exhibit). During subsequent redesign of the stadium, it became apparent that the relocated trail would not be able to easily use the existing crosswalk. The design for the trail was then changed to intersect Baltimore Street at a location farther to the east.

There are two basic types of crosswalks. The most common type, which we will call a "normal" crosswalk, is found at the intersection of two streets. The crosswalk designates the location where pedestrians are expected to cross the street. Those intersections have some sort of traffic control (e.g. STOP signs or traffic signals) that cause some or all vehicular traffic to come to a stop, which allows pedestrians to cross the street in relative safety. Drivers expect to slow or stop at intersections, and they also expect to encounter pedestrians at these locations.

The other basic type of crosswalks are mid-block crosswalks. These are crosswalks that are not located at street intersections, but rather are found between intersections along a street segment. These crosswalks offer less protection for pedestrians, because drivers on

the street are not necessarily expecting pedestrians to be crossing the street at those locations, and vehicular traffic does not normally stop at those locations.

When the Cultural Trail was initially constructed, it created several new mid-block crosswalks at W. Antietam Street, W. Baltimore Street, W. Lee Street, and at Park Circle. Knowing that these crosswalks didn't offer the same protection as "normal" crosswalks, the City installed rapidly flashing beacons with pushbuttons at these crosswalks. When a pedestrian pushes the button, the beacons on both sides of the street begin flashing, calling drivers' attention to the fact that a pedestrian intends to cross the street.

The existing crosswalk on W. Baltimore Street is a mid-block crosswalk, and any new crosswalk on Baltimore Street between Potomac Street and Summit Avenue will also be a mid-block crosswalk. Because of this, the flashing beacons will be relocated to the new crosswalk location to again provide more awareness to drivers that pedestrians are crossing the street at that location.

The landing point for the Cultural Trail on the Meritus Park side of the street has been set by the Maryland Stadium Authority. Given all of the site improvements and constraints related to the stadium there is very little flexibility in changing that landing point. Therefore, the new crosswalk must connect to that landing point across Baltimore Street.

On the south side of the street in that vicinity, there is an existing utility pole that provides the main electrical feed for HHA; that pole cannot easily be relocated, so the crosswalk must be located on either side of the pole. Staff reviewed the options for the crosswalk placement, and determined that the safest location for the crosswalk was on the west side of the pole. The attached photographs illustrate the factors that led to this evaluation.

Photos 1 & 2 were taken standing even with the front of the building with the Mural of Unusual Size, looking east toward Potomac Street. Photo 1 shows a person standing on the west side of the utility pole, and they are clearly visible. Photo 2 shows the person on the east side of the pole; they are almost completely obscured from view. A pedestrian stepping into the crosswalk from behind the pole would be stepping directly into eastbound traffic, and drivers would have little advance warning. Having the pedestrians (and the crosswalk) on the west side of the pole increases their visibility for eastbound drivers.

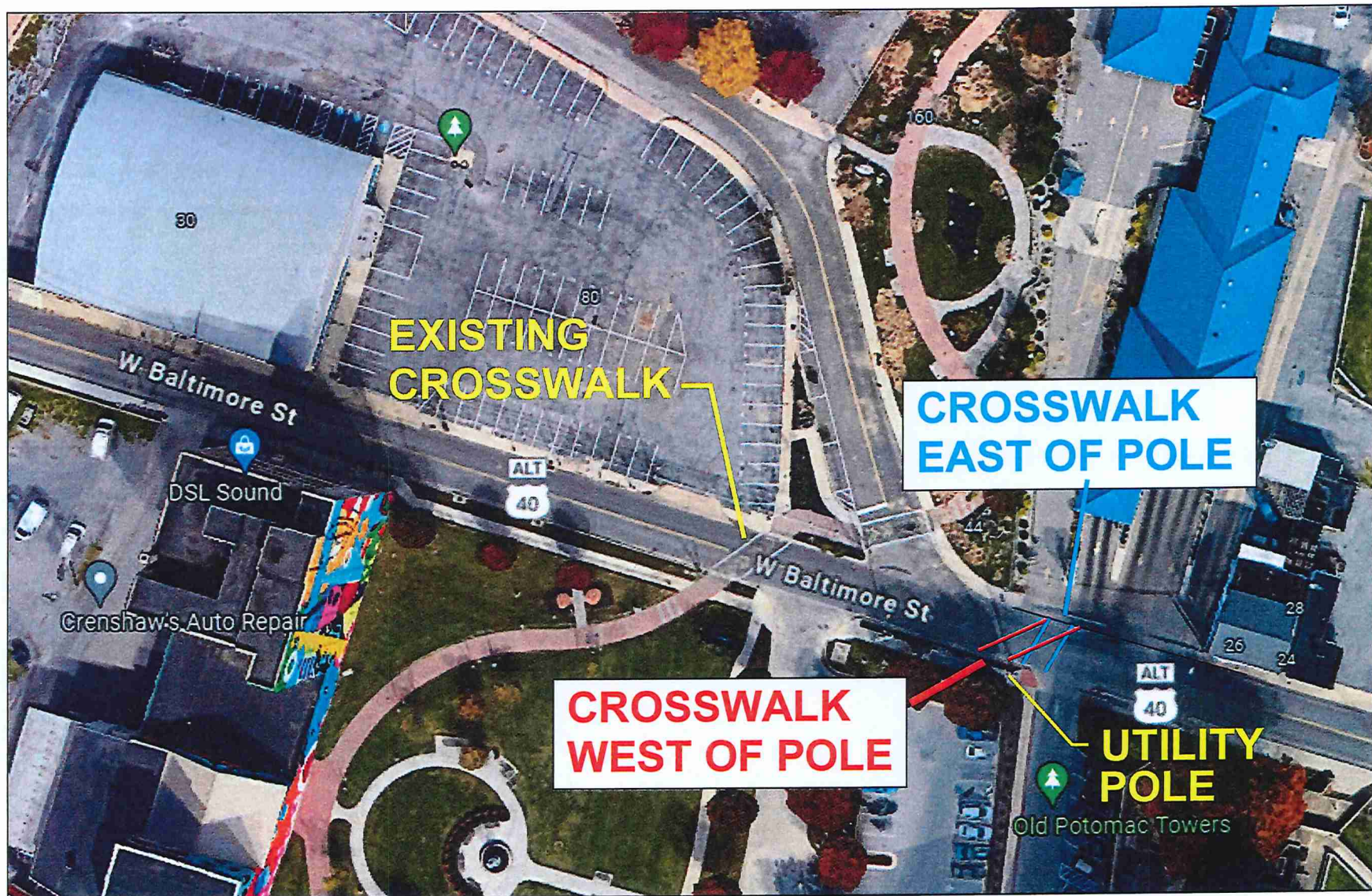
Photos 3 & 4 are taken looking west from a point approximately halfway between Ayers Alley and Potomac Street. Photo 3 shows a person the west side of the utility pole; Photo 4 shows the person on the east side of the pole. In Photo 3, the person is partially obstructed by the pole, but still somewhat visible; Photo 4 shows unobstructed visibility of the person. However, the difference is that a person on the west side of the pole that steps out into the crosswalk will have to cross a lane of traffic before they reach the centerline of the road, which will give a westbound driver additional time to see them and stop.

The other factor in staff's evaluation was the traffic that turns into the Potomac Towers entrance. Staff feels that it is better to keep pedestrians using the Cultural Trail separated as much as possible from those turning vehicles; keeping the crosswalk on the west side of the utility pole will help to provide that separation.

As previously stated, a mid-block crosswalk is less desirable than a “normal” crosswalk. However, any crosswalk in this block of Baltimore Street will be a mid-block crosswalk; staff feels that the location on the west side of the utility pole provides better visibility for both pedestrians and drivers. Putting the crosswalk on the west side of the utility pole does require it to be skewed similar to the existing crosswalk, but the timing of the flashing beacons can be adjusted so that they will continue to flash for a long enough period of time for pedestrians to cross the street.

attachments: location exhibit
photos of proposed crosswalk location
photo of flashing beacon installation

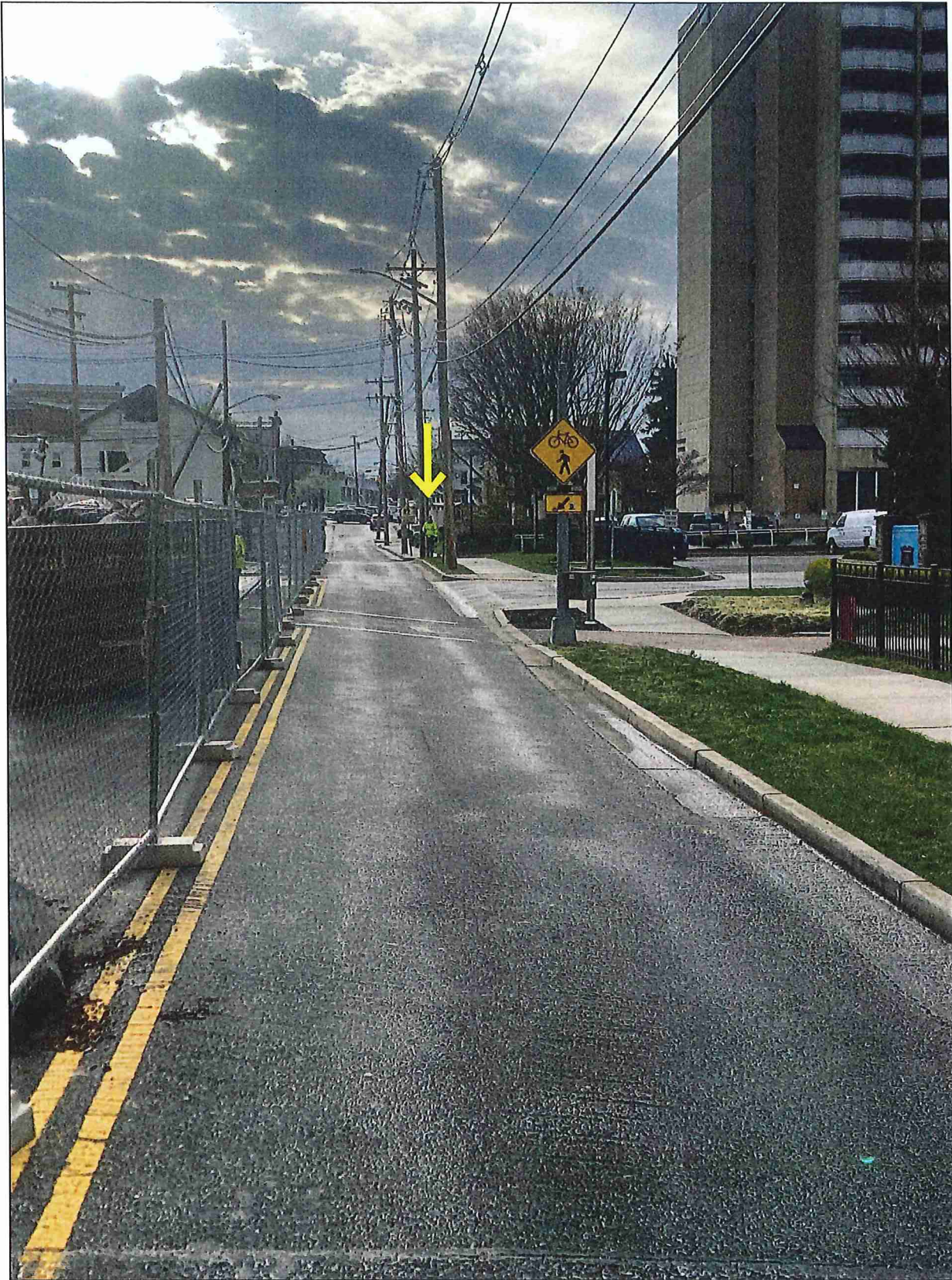
cc: Bill Killinger
Greg Deike



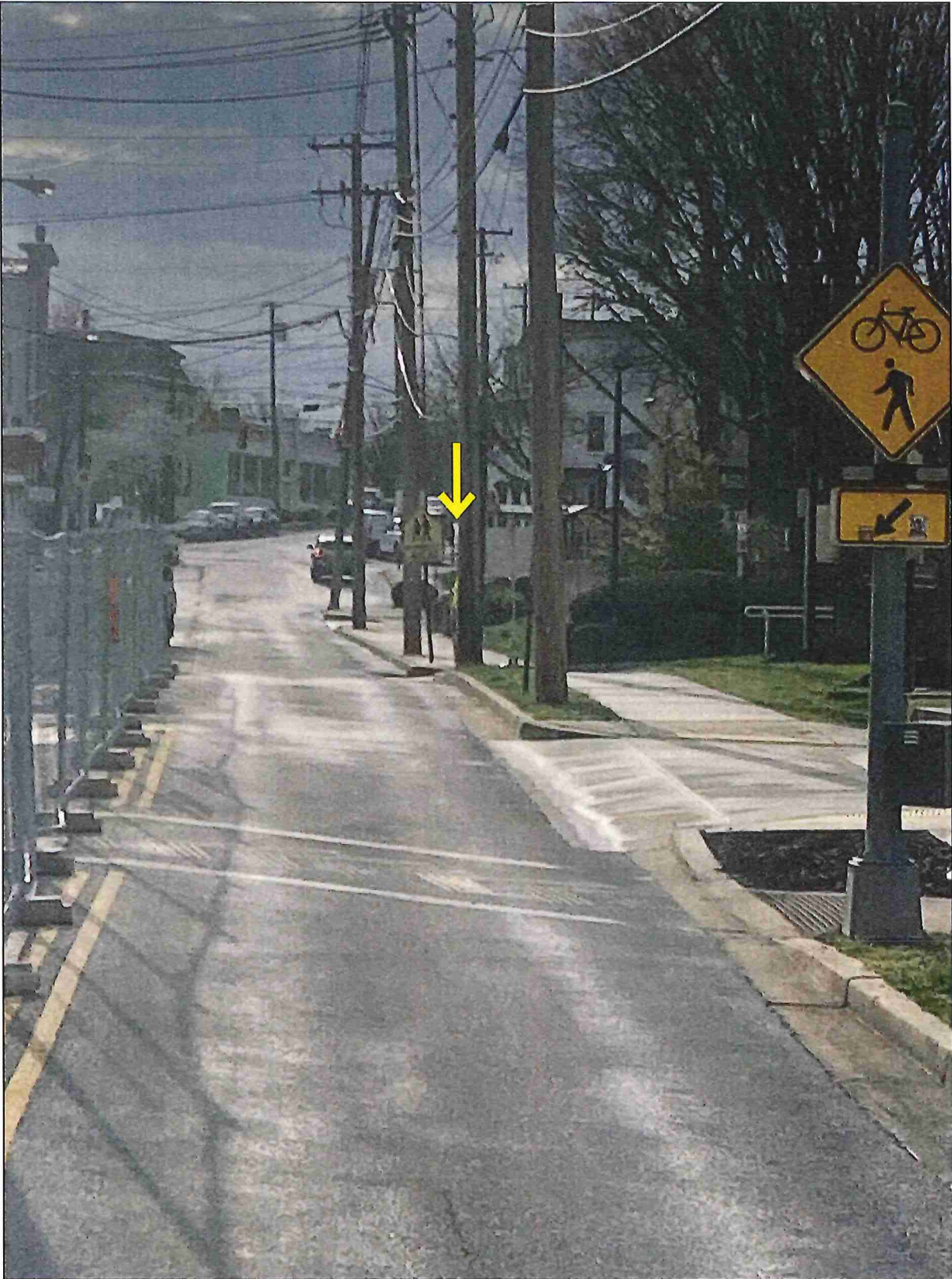
**WEST BALTIMORE STREET
EXISTING & PROPOSED CROSSWALK LOCATIONS**



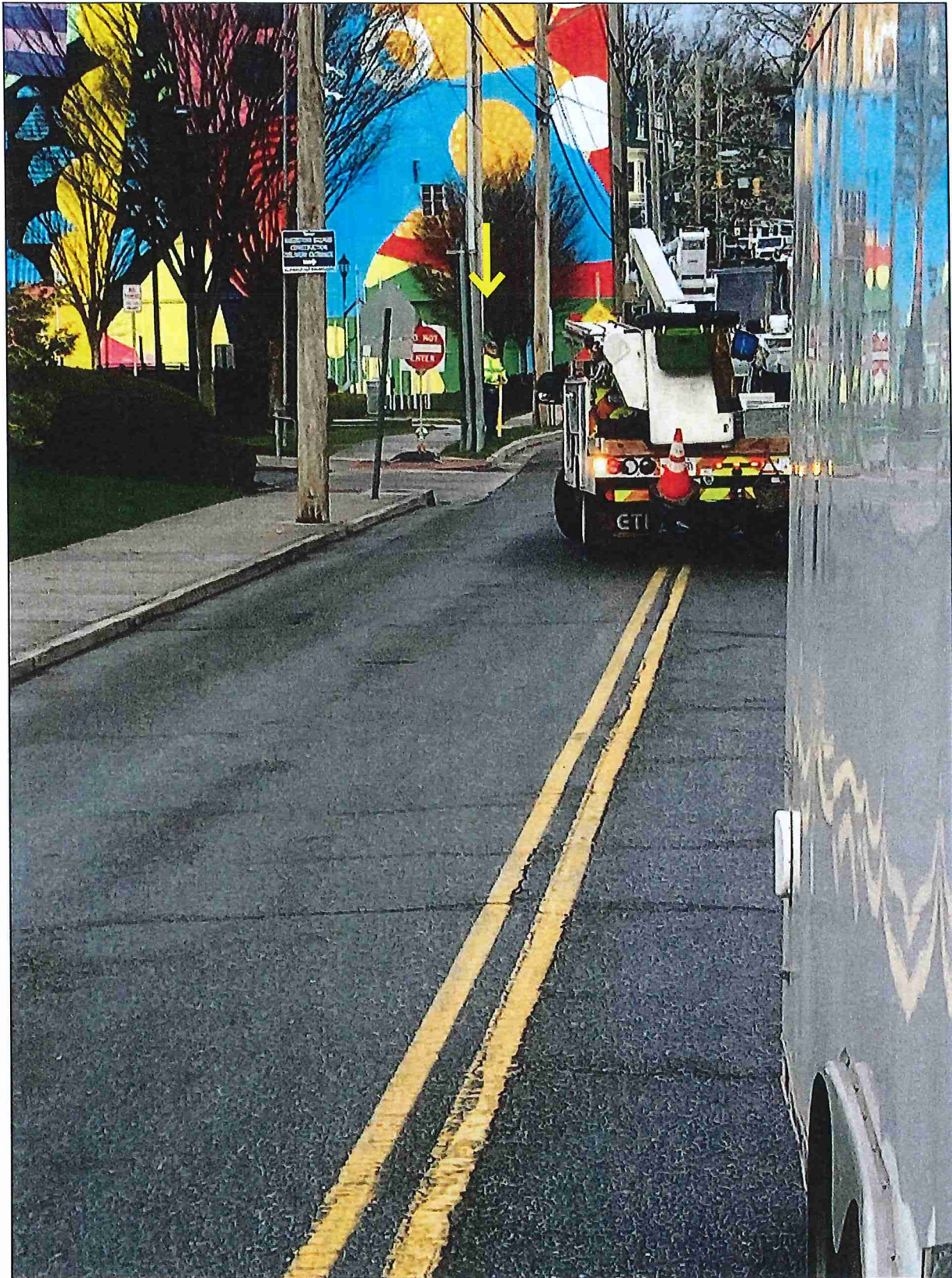
BALTIMORE STREET LOOKING WEST



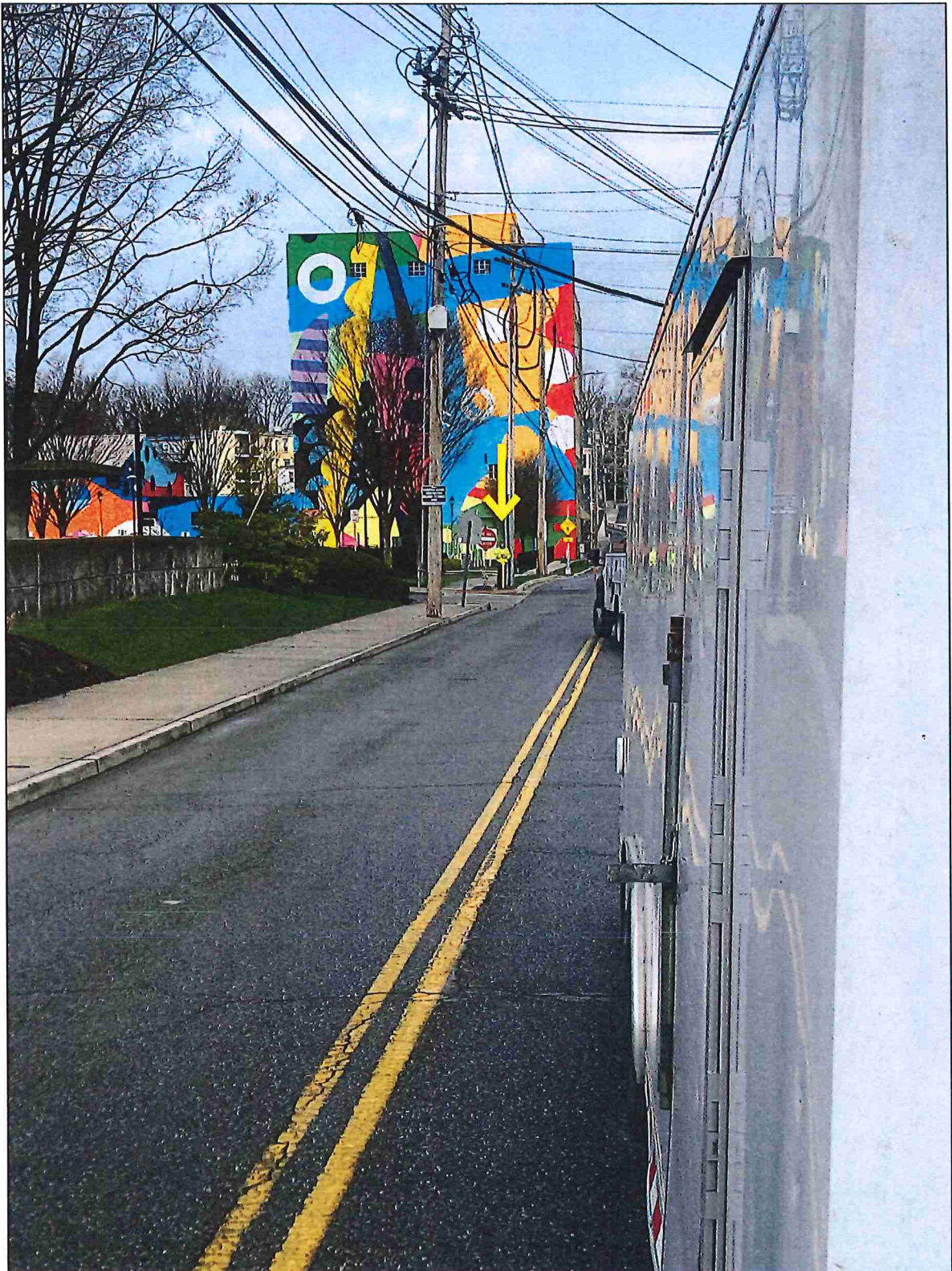
**LOOKING EAST; CROSSWALK ON THE WEST
SIDE OF THE UTILITY POLE**



**LOOKING EAST; CROSSWALK ON THE EAST
SIDE OF THE UTILITY POLE**



**LOOKING WEST; CROSSWALK ON THE WEST
SIDE OF THE UTILITY POLE**



**LOOKING WEST; CROSSWALK ON THE EAST
SIDE OF THE UTILITY POLE**



**RECTANGULAR RAPID FLASHING BEACON (RRFB)
THAT WILL BE INSTALLED AT THE CROSSWALK**

**REQUIRED MOTION
MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND**

Topic:

Follow-up Discussion on Public Hearing: A-2024-01 - Annexation of 55 West Oak Ridge Drive, Building One – *Kathleen Maher, Director of Planning and Code Administration and Joanna Wu, Planner*

Mayor and City Council Action Required:

Discussion:

Financial Impact:

Recommendation:

Motion:

Action Dates:

ATTACHMENTS:

File Name

MCC_packet_apr_2_follow_up.pdf

Description

A-2024-01 PH Follow Up



CITY OF HAGERSTOWN, MARYLAND

Planning & Code Administration Department

One East Franklin Street • Hagerstown, MD 21740

E-mail: planning@hagerstownmd.org

Telephone: 301-739-8577, ext. 138 • Website: www.hagerstownmd.org

MEMORANDUM

TO: Scott Nicewarner, City Administrator

FROM: Joanna Wu, Planner

DATE: March 28, 2024

SUBJECT: A-2024-01 – 55 West Oak Ridge Drive, Building One Public Hearing Follow-Up

A follow-up discussion is scheduled for April 2 regarding the public hearing for A-2024-01 on March 26.

At the January 30 regular meeting, the annexation plan was approved and the annexation resolution was introduced. As required by State Law, four notices were advertised and the annexation plan was provided to the appropriate County, Regional, and State Planning Agencies at least 30 days prior to the public hearing.

Background

The property owned by JDA Hagerstown Industrial Properties, LLC located at 55 West Oak Ridge Drive entered into an annexation agreement with the City on March 22, 2022. The agreement allows the redevelopment to be served by City water and wastewater but requires that the annexation process be delayed so that annexation process for Building One would not start until the property owner's receipt of a final, unconditional U&O or after December 31, 2023, whichever occurs first. The agreement for Building Two requires annexation not to start until final unconditional U&O or after December 31, 2024, whichever occurs first. The City agreed to these delayed starts for annexation at the developer's request in 2022 to accommodate their speculative building model. In addition, the City helped gain approval of expansion of the Enterprise Zone to this tract as requested by the developer to help secure them for this site because annexation would be pending. As a result, the local share of property tax revenue from the increased assessment arising from the development will be reduced for ten years.

Annexation Process

As provided for in the annexation agreement, the City began the annexation process in January for the Building One lot. Building One is constructed in shell condition. With this start timeframe for annexation, the property would be included on the July 1, 2024 tax bill for the city. Prior to redevelopment the entire property was assessed at 13,881,400 in 2021. In its current condition, Building One is assessed at 87,454,200 for the July 1, 2024 tax year.

Annexation Plan

- The area of the property is +/-74 acres.
- Proposed City Zoning: I-MU
- It is within the City's MRGA, County's UGA, and State's PFA.
- Wastewater and Water will be provided by the City upon development.
- Electric is provided by Potomac Edison.
- Maintenance of ROWs will remain the same.
- Valued at \$87.45 million as of July 1, 2024 (SDAT).

MDP Comments

Maryland Department of Planning submitted comments on March 5, 2024 and reviewed the annexation request. They determined that the proposed city zoning is not substantially different from the current county zoning, therefore express approval from the County is not required.

Update on Annexation

The developer has requested to speed up this current annexation. Staff have consulted with city attorneys and the developer. State law allows for the municipality to enact a resolution after a public hearing and in accordance with its normal legislative procedure. Therefore, following the March 26 public hearing, it is proposed to schedule approval of the annexation resolution on April 2. A work session discussion on April 2 will allow consideration of any issues that may have been brought up from the hearing.

Follow-Up to the Public Hearing

At the hearing on March 26, no questions or comments were received from Council or members of the public. Since the hearing, staff have not received any other public input on the proposed annexation.

A follow-up meeting is scheduled for April 2 for any other discussion. A special session will be held following the work session on April 2 for the approval of the resolution. If the resolution is approved, the annexation becomes effective in 45 days.

Next Steps

April 2: Follow-Up/Approval of Resolution

May 17: Effective Date

C: Directors Team
Doug Reaser, City Economic Development Manager

Attachments: Annexation Resolution

Resolution No. A-2024-01

RESOLUTION OF THE COUNCIL OF THE CITY OF HAGERSTOWN TO ENLARGE THE CORPORATE BOUNDARIES AND THEREBY AMEND THE CORPORATE BOUNDARIES AS CONTAINED IN SECTION 104 OF ARTICLE 1 OF THE CHARTER OF THE CITY OF HAGERSTOWN, MARYLAND AND AT THE SAME TIME ESTABLISH THE ZONING CLASSIFICATION OF THE AREA TO BE ANNEXED.

WHEREAS, the City of Hagerstown, pursuant to its rights and authority under the Local Government Article §4-403 of the Annotated Code of Maryland, may annex into the City additional lands in accordance with the requirements set forth therein; and

WHEREAS, pursuant to the Maryland Annotated Code, Local Government Article, §4-401 et seq., the City desires to enlarge the corporate boundaries of the City of Hagerstown, Maryland by adding or annexing thereto the within described areas which are immediately adjacent to and adjoining the present corporate boundaries thereof, pursuant to and as contained in a Pre-Annexation Agreement signed by the requisite number of persons as prescribed and set forth in Maryland Annotated Code, Local Government Article, §4-403(b)(2), as owners of realty contained within the area to be annexed, and same is incorporated herein by reference as if set forth into and made a part thereof. **See Exhibit A – Pre-Annexation Agreement**; and

WHEREAS, said annexation is identified on the Annexation Plat, shall be popularly known as “A-2024-01; Pre-Annexation Agreement WS-2022-08 JDA Hagerstown Industrial Properties, LLC Building 1” for identification; and identification of the same is incorporated herein by reference as if set forth into and made a part hereof. **See Exhibit B – Annexation Plat**; and

WHEREAS, pursuant to the Maryland Annotated Code, Local Government Article § 4-403(b) the City may initiate annexation of land with the consent of at least twenty-five (25) percent of the registered voters residing within the area to be annexed and the consent of the owners of at least twenty-five (25) percent of the assessed valuation of the real property in the area to be annexed, and this property being subject to a recorded pre-annexation agreement such that all necessary consents are deemed to have been obtained at the time of entering into the pre-annexation agreement. **See Exhibit A – Pre-Annexation Agreement**; and

WHEREAS, this Resolution for Annexation meets all the requirements of the law, and, pursuant to the Maryland Annotated Code, Local Government Article, §4-406(-c-), the Annexation was referred to the appropriate State, Regional, and County Planning authorities; and

WHEREAS, in accordance with historic City practice in processing annexations, the issue of the proposed zoning of the area to be annexed to the corporate limits was referred to the Planning Commission for the City of Hagerstown, Maryland which said Commission for the City of Hagerstown has studied the proposed zoning of the tracts described herein in relation to the Comprehensive Plan, the Zoning Ordinance, and all other applicable ordinances, the needs of the City and County, and the needs of the particular neighborhood and vicinities of the areas, and have approved the same and that the rezoning for the said tract of land is proper and desirable under all of the circumstances and should be accomplished at this time.

Section 1. Now, therefore, be it resolved by the Mayor and City Council of the City of Hagerstown, Maryland that the boundaries of the City, pursuant to the Local Government Article, Subtitle 4-401 et seq., be and are hereby amended so as to annex and include within said City all that certain area of land, contiguous to the corporate limits of the City and being more particularly described by metes and bounds and as Annexation Area in **Exhibit B – Annexation Plat** attached hereto and made a part thereof.

Section 2. And be it further resolved by the Mayor and City Council that the subject properties to be annexed shall have zoning classifications of I-MU (Industrial-Mixed Use) upon annexation as shown in **See Exhibit C- Zoning Exhibit**.

Section 3. And be it further resolved that the annexation of the said area be made subject to the terms and conditions as set forth in the Annexation Plan attached hereto as Exhibit D and made part hereof upon final agreement and passage; **See Exhibit D – Annexation Plan**.

Section 4. And be it further resolved that the conditions and circumstances applicable to the change in said corporate boundaries and to the residents and property within the area so annexed shall be subject to the provisions of the Charter of the City of Hagerstown, the Code of the City of Hagerstown, and all acts, ordinances, resolutions and policies.

Section 5. And be it further resolved by the Mayor and Council, that this resolution shall take effect upon the expiration of forty-five (45) days following its final passage, subject however, to the right of referendum as contained in the Local Government Article of the Maryland Code, as amended.

WITNESS AND ATTEST AS TO CORPORATE
SEAL

BY ORDER OF THE MAYOR AND THE CITY
COUNCIL OF HAGERSTOWN, MARYLAND

Donna K. Spickler

City Clerk

Tekesha Martinez

Mayor

Date Introduced: January 30, 2024

Public Hearing Date: March 26, 2024

Date of Passage: April 23, 2024

Effective Date: June 7, 2024

EXHIBIT A

THIS AGREEMENT, MADE AND EXECUTED IN DUPLICATE, this 23rd day of March 2022 by and between Hagerstown Industrial Properties, LLC, a South Carolina limited liability company, doing business in Maryland as JDA Hagerstown Industrial Properties, LLC, a Maryland limited liability company, party of the first part, hereinafter called "**Property Owner**" and the MAYOR AND CITY COUNCIL OF HAGERSTOWN, a municipal corporation of the State of Maryland, party of the second part, hereinafter called "**City.**"

WITNESSETH:

WHEREAS, the City has established an annexation policy whereby an agreement to annex, except in certain situations, is a prerequisite to the City providing its public water and/or wastewater services to serve any properties beyond the current corporate boundaries of the City; and

WHEREAS, the property owned by the Property Owner, as hereinafter described (hereinafter the "**Property**") is contiguous to the current corporate boundary of the City and is subject to the City's annexation policy; and

WHEREAS, as a condition to receiving City water and wastewater services, the Property Owner has agreed to petition to have the Property annexed into the City or, in the alternative, consent to the introduction of an Annexation Resolution by the City proposing to annex the Property into the corporate boundaries of the City upon the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and the sum of One Dollar (\$1.00) paid by the Property Owner to the City, the mutual covenants and promises of the parties and other good and valuable consideration, receipt whereof is hereby acknowledged, and the further considerations of the City extending its water and wastewater services to serve the Property, it is hereby understood and agreed between the parties hereto as follows:

1. The Property which is the subject of this Agreement is, collectively, the two (2) Properties known as (i) 55 West Oak Ridge Drive, Tax Map 57, Grid 3, Parcel 177 (Tax ID No. 10-0187757) consisting of +/- 78.98 acres (“**Property #1**”); and (ii) West Oak Ridge Drive, Tax Map 57, Grid 3, Parcel 635 (Tax ID No. 10-065011) consisting of +/- 47.70 acres (“**Property #2**”), as described on the attached metes and bounds description (**Exhibit A**) and illustrated on the attached survey plat (**Exhibit B**), said Property **BEING** the same property conveyed by Review and Herald Publishing Association, Inc. to Grantor by Special Warranty Deed dated June 24, 2021 and recorded among the Land Records of Washington County, Maryland at Book 6677, Page 431.

2. City agrees, subject to the terms and conditions of this Agreement, that the Property Owner shall be permitted to extend City water and wastewater services to and for the benefit of the Property.

3. The Property Owner shall pay all costs and expenses related to the extension of these services to the Property adhering to all of the requirements of the City of Hagerstown for the extension of water and wastewater services and the payment therefor.

4. Property Owner agree to pay all connection, benefit and other charges in accordance with the “In-City” rates then in effect according to the City Utility Department rules and regulations and applicable City Ordinances.

5. It is understood and agreed that the Property to be served shall be subject to all the Ordinances and rules and regulations of the City with respect to the water and wastewater services provided now in effect and which may be placed in effect at any future date.

6. Property Owner agrees with regard to Property #1 that within fifteen (15) days immediately following (i) the receipt of a final, unconditional Use & Occupancy Permit from Washington County for complete and functional occupancy by the tenant or tenants of the entire

proposed warehouse building on Property #1 (the “**Property #1 U&O Permit Condition**”); or (ii) December 31, 2023 (the “**Property #1 Outside Date**”), whichever shall be first to occur, it shall submit a petition of annexation requesting that Property #1 be annexed into the City with an I-MU (Industrial, Mixed-Use) zoning classification and which is otherwise consistent with this Agreement. In the alternative, at its earliest opportunity following satisfaction of the Property #1 U&O Permit Condition or passage of the Property #1 Outside Date, whichever shall be first to occur, the City may introduce an Annexation Resolution proposing to annex Property #1 into the City with an I-MU (Industrial, Mixed-Use) zoning and which is otherwise consistent with this Agreement. Provided the Property #1 U&O Condition has been satisfied or the Property #1 Outside Date has passed, this Agreement shall constitute the Property Owner’s consent to the City’s introduction of the Annexation Resolution as required by Md. Code, Local Gov’t Law, §4-403.

7. Property Owner agrees with regard to Property #2 that within fifteen (15) days immediately following (i) the receipt of a final, unconditional Use & Occupancy Permit from Washington County for complete and functional occupancy by the tenant or tenants of the entire proposed warehouse building on Property #2 (the “**Property #2 U&O Permit Condition**”); or (ii) December 31, 2024 (the “**Property #2 Outside Date**”), whichever shall be first to occur, it shall submit a petition of annexation requesting that Property #2 be annexed into the City with an I-MU (Industrial, Mixed-Use) zoning classification and which is otherwise consistent with this Agreement. In the alternative, at its earliest opportunity following satisfaction of the Property #2 U&O Permit Condition or passage of the Property #2 Outside Date, whichever shall be first to occur, the City may introduce an Annexation Resolution proposing to annex Property #2 into the City with an I-MU (Industrial, Mixed-Use) zoning and which is otherwise consistent with this Agreement. Provided the Building Property #2 U&O Permit Condition has been satisfied or the

Property #2 Outside Date has passed, this Agreement shall constitute the Property Owner's consent to the Annexation Resolution as required by Md. Code, Local Gov't Law, §4-403.

8. It is distinctly understood and agreed that, if the Property Owner does not submit the Annexation Petition or takes action in opposition to the Annexation Resolution for either Property #1 or Property #2, this Agreement shall be void as to the subject Property, and any City water and wastewater approvals provided to said Property during the County site plan review process shall be void and the City shall not be required to provide (and/or continue provision) of water and wastewater services to the subject Property and such services shall be disconnected due to breach of contract. Notwithstanding the foregoing, it is expressly understood and agreed that the Property Owner may refuse to submit the Annexation Petition or withdraw its consent to the Annexation Resolution for either Property #1 or Property #2 until such time as either the respective U&O Permit Condition has been satisfied or the respective Outside Date has passed for the subject Property.

9. It is further understood and agreed that if the Mayor and City Council of the City approve the Property's annexation, then upon the effective date of the adopted annexation resolution for each of Property #1 and Property #2, the Property shall be subject to all the Ordinances and rules and regulations of City (collectively, the "**City Regulations**") and shall be entitled to all of the privileges of a citizen of Hagerstown, now in effect, or which may be placed in effect at any future date.

10. Additional Provisions:

a. In applying for and seeking its development and construction related approvals from Washington County for Property #1 and #2, the Property Owner (i) shall modify its site plan for Property #1 as indicated in the letter from Johnson Development Associates, Inc. to the City of Hagerstown Planning and Zoning department dated January 18, 2022, a copy of which is

attached hereto and incorporated herein, collectively with the Memorandum dated January 10, 2022 from Stephen R. Bockmiller to Kathleen A. Maher, as Exhibit C; (ii) shall modify its site plan for Property #2 to include effective landscape buffering along Oak Ridge Drive; and (iii) shall incorporate into the architectural and MEP design plans for tenant fit-out of the buildings to be constructed on Property #1 and Property #2, respectively, a two-way radio communications enhancement system compliant with the City's standards and requirements therefor.

b. Prior to the effective date of the Annexation Resolution for each of Property #1 and Property #2, the Property shall remain subject to the laws, ordinances, rules and regulations of Washington County and the Property Owner or any proposed tenant(s) for the respective Properties shall be entitled to apply for, seek and obtain from Washington County any and all development or construction related permits or approvals.

c. All development or construction related plans or permits, including but in no way limited to site plans, stormwater management plans, forest conservation plans, grading permits, building permits and the like, pending with or approved by Washington County as of the effective date of the Annexation Resolution for each of Property #1 and Property #2 shall remain subject to the jurisdiction of Washington County for the purpose of inspections, release of performance surety, posting of maintenance surety, issuance of final use and occupancy permit and the like until completed.

d. From and after the effective date of the Annexation Resolution for each of Property #1 and Property #2, the Property Owner or any proposed tenant(s) for the respective Property shall apply for, seek and obtain any and all development or construction related permits or approvals from the City of Hagerstown.

11. It is further agreed that the use of the masculine gender in this Agreement shall include all genders, and the word "Property Owner" shall include individuals, firms or

corporations, as the case may be and each and every subsequent holder of any interest legal or equitable in the Property.

11. Except as expressly permitted herein for failure of the respective U&O Permit Conditions or prior to the respective Outside Dates, if the Property Owner withdraws the Annexation Petition prior to approval of the Annexation Resolution, and/or otherwise opposes the City's introduction and adoption of the Annexation Resolution, this Agreement shall be void and any water and wastewater approvals which may have been granted will be void, and City shall not be required to provide (and/or continue provision) of water and wastewater services to the subject Property and such services shall be disconnected due to breach of contract. A copy of this Agreement shall be recorded by the City among the Land Records of Washington County, Maryland.

13. Each party for himself, herself, itself, and for his or her or its respective heirs, personal representatives, and assigns agrees to join or to execute any instruments and to do any other act or thing that may be necessary or proper to effect any provision of this Agreement.

15. The parties agree that in the event that the Property Owner fails to comply with the terms of this Agreement or attempts to avoid the annexation of the Property except as may be specifically provided for herein with regard to the U&O Permit Conditions and Outside Dates for each Property, such failure shall be a breach of this Agreement and the City may, in addition to asserting any other legal right, seek to enforce the terms of this Agreement by a suit for specific performance.

16. This Agreement shall be governed by Maryland law, without regard to its conflicts of laws principles.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties of the first part have hereunto set their hands and seals, and the Mayor and City Council of Hagerstown has caused its name to be signed hereto by its Mayor, and its corporate seal to be hereunto affixed, duly attested by its City Clerk, all on the day and date first above written.

WITNESS:

PROPERTY OWNER

HAGERSTOWN INDUSTRIAL
PROPERTIES, LLC, a South Carolina
limited liability company
d/b/a JDA Hagerstown Industrial
Properties, LLC, a Maryland limited
liability company

Eliza Beutling

By: Blake W. Spencer (SEAL)

Name: Blake W. Spencer
Title: Authorized Signatory

ATTEST:

MAYOR AND CITY COUNCIL
OF HAGERSTOWN

Donna H. Spickler
Donna Spickler, City Clerk

Emily Keller
Emily Keller, Mayor

STATE OF MARYLAND)
) SS:
COUNTY OF WASHINGTON)

I hereby certify, that on this 17th day of March 2022, before me, a Notary Public in and for said County and State, personally appeared Blake W. Spencer and acknowledged the foregoing Agreement to be his/her act and deed, or the act and deed of Hagerstown Industrial Properties, LLC, a South Carolina limited liability company d/b/a JDA Hagerstown Industrial Properties, LLC, a Maryland limited liability company.

WITNESS my hand and Notarial Seal.



4-5-2022

[Signature]

My Commission Expires: _____, Notary Public

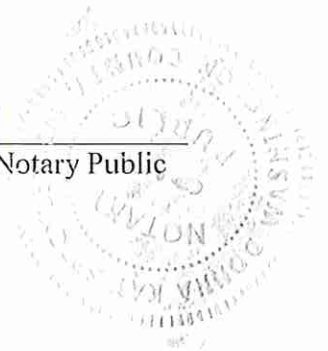
STATE OF MARYLAND)
) SS:
COUNTY OF WASHINGTON)

I hereby certify, that on this 22nd day of March 2022, before me, a Notary Public in and for said County and State, personally appeared Emily Keller, Mayor of the City of Hagerstown who acknowledged the foregoing Agreement to be the act and deed of said municipal corporation.

WITNESS my hand and Notarial Seal.

My Commission Expires: December 8, 2022

Donna Kay Spickler
Donna Kay Spickler, Notary Public



MAIL TO: City of Hagerstown Planning and Code Administration Department
One East Franklin Street, Room 300
Hagerstown, Maryland 21740-4987

Exhibit A
(Metes and Bounds Description)

Tract 1 (47.56 ac.):

Situate along the north of Interstate 70 and south of West Oak Ridge Drive in District Number 10, Washington County, Maryland.

Beginning at a rebar found along the southern right of way of West Oak Ridge Drive as shown on Washington County, Maryland Engineering Department Plat No. 100-10-163 and 100-10-164, recorded among the Land Records of Washington County, Maryland, said point being the northwest corner of the lands of Outlet Village of Hagerstown Limited Partnership (Liber 1345, folio 614), thence with the eastern boundary of the lands of the Outlet Village of Hagerstown Limited Partnership

- | | |
|---------------------------|---|
| 1) South 21° 21' 11" West | 2,692.35 feet to a rebar and cap found at the southwest corner of the said Outlet Village of Hagerstown Limited Partnership, said point being along the northern right of way of Interstate 70 as shown on State Roads Commission of Maryland Plat No. 35063, thence with the northern right of way of Interstate 70 with a non-tangent curve to the right, having a radius of 11,309.16 feet, an arc length of 781.07 feet, a delta of 03° 57' 26", and a chord of |
| 2) North 87° 40' 50" West | 780.92 feet to a rebar and cap found at the southeast corner of the lands of the Review and Herald Publishing Association, Inc. (Liber 1345, folio 614), thence leaving the northern right of way of Interstate 70 and running with the eastern boundary of the lands of the Review and Herald Publishing Association, Inc. the following three (3) courses; |
| 3) North 18° 07' 09" East | 746.10 feet to a rebar and cap found, thence |
| 4) North 23° 01' 28" East | 1,160.00 feet to a rebar and cap found, thence |
| 5) North 18° 28' 04" East | 824.80 feet to a rebar and cap set in the southern right of way of West Oak Ridge Drive, thence with the southern right of way of West Oak Ridge Drive the following four (4) courses; |
| 6) South 84° 31' 29" East | 308.79 feet to a rebar and cap set, thence with a non-tangent curve to the right, having a radius of 11,429.16 feet, an arc length of 135.23 feet, a delta of 00° 40' 40", and a chord of |

- | | |
|---------------------------|--|
| 7) South 84° 12' 18" East | 135.22 to a rebar and cap set, thence |
| 8) South 83° 52' 24" East | 369.74 feet to a rebar and cap set, thence |
| 9) South 82° 29' 05" East | 4.08 feet to the Point of Beginning. |

Saving and Excepting therefrom all that parcel of land conveyed from the Review and Herald Publishing Association unto The City of Hagerstown, Maryland by deed dated September 24, 1984 and recorded in Liber 773 at folio 33 among the land records of Washington County, Maryland.

Containing in total 2,071,928 square feet or 47.56492 acres of land more or less.

Tract 2 (78.98 ac.):

Situate north of Interstate 70 and south of West Oak Ridge Drive in District Number 10, Washington County, Maryland.

Beginning at a rebar and cap set along the southern right of way of West Oak Ridge Drive as shown on Washington County, Maryland Engineering Department Plat No. 100-10-163 and 100-10-164, and State Roads Commission of Maryland Plat No. 13408 and 44103 recorded among the Land Records of Washington County, Maryland, said point being the northwest corner of the lands of the Review and Herald Publishing Association, Inc. (Liber 1345, folio 614), thence with the eastern boundary of the lands of the Review and Herald Publishing Association, Inc. the following three (3) courses

- | | |
|----------------------------|---|
| 11) South 18° 28' 04" West | 824.80 feet to a rebar and cap found, thence |
| 12) South 23° 01' 28" West | 1,160.00 feet to a rebar and cap, thence |
| 13) South 18° 07' 09" West | 746.10 feet to a rebar and cap found in the northern right of way of Interstate 70 as shown on State Roads Commission of Maryland Plat No. 35062 and 35063, thence with the northern right of way of Interstate 70 the following six (6) courses; the first being a non-tangent curve to the right, having a radius of 11,309.16 feet, an arc length of 919.48 feet, a delta of 04° 39' 30", and a chord of |
| 14) North 83° 22' 22" West | 919.22 feet to a rebar and cap set, thence |
| 15) North 75° 27' 38" West | 133.62 feet to a rebar and cap set, thence |

- | | |
|----------------------------|---|
| 16) North 76° 28' 11" West | 25.08 feet to a rebar and cap set, thence |
| 17) North 87° 53' 11" West | 25.18 feet to a rebar and cap set, thence |
| 18) South 89° 51' 58" West | 75.95 feet to a rebar and cap set, thence |
| 19) North 81° 02' 37" West | 178.70 feet to a rebar and cap found in the eastern boundary of the Norfolk Southern Railway, thence with the eastern boundary of the Norfolk Southern Railway |
| 20) North 18° 53' 55" East | 1,615.54 feet to a rebar and cap set in the eastern right of way of Maryland Route 632 (Downsville Pike), thence with the eastern right of way of Maryland Route 632 (Downsville Pike) the following nine (9) courses |
| 21) North 61° 51' 46" East | 89.84 feet to a rebar and cap set, thence |
| 22) North 53° 49' 54" East | 56.40 feet to a rebar and cap set, thence |
| 23) North 43° 28' 50" East | 113.16 feet to a rebar and cap set, thence |
| 24) North 45° 33' 53" East | 111.05 feet to a rebar and cap set, thence |
| 25) North 36° 01' 48" East | 165.92 feet to a rebar and cap set, thence |
| 26) North 31° 28' 20" East | 109.56 feet to a rebar and cap set, thence |
| 27) North 15° 24' 20" East | 56.29 feet to a rebar and cap set, thence with a non-tangent curve to the left, having a radius of 1145.66 feet, an arc length of 204.11, a delta of 10° 12' 28", and a chord of |
| 28) North 24° 52' 34" East | 203.84 feet to a rebar and cap set, thence |
| 29) North 20° 08' 41" East | 260.79 feet to a rebar and cap set on the southern right of way of the aforesaid West Oak Ridge Drive, thence with the southern right of way of West Oak Ridge Drive the following six (6) courses |
| 30) North 71° 49' 35" East | 97.59 feet to a rebar and cap set, thence with a non-tangent curve to the left, having a radius of 219.86 feet, an arc length of 66.03 feet, a delta of 17° 12' 25", and a chord of |
| 31) South 74° 23' 42" East | 65.78 feet to a rebar and cap set, thence |

- 32) North $07^{\circ} 00' 03''$ East 2.13 feet to a rebar and cap set, thence with a non-tangent curve to the left, having a radius of 1,080.28 feet, an arc length of 135.60 feet, a delta of $07^{\circ} 11' 31''$, and a chord of
- 33) South $80^{\circ} 15' 05''$ East 135.51 feet to a rebar and cap set, thence
- 34) South $83^{\circ} 50' 52''$ East 90.66 feet to a rebar and cap set, thence
- 35) South $84^{\circ} 31' 47''$ East 764.41 feet to the Point of Beginning.

Containing in total 3,440,306 square feet or 78.97856 acres of land more or less.

Exhibit B
(Survey Plat)

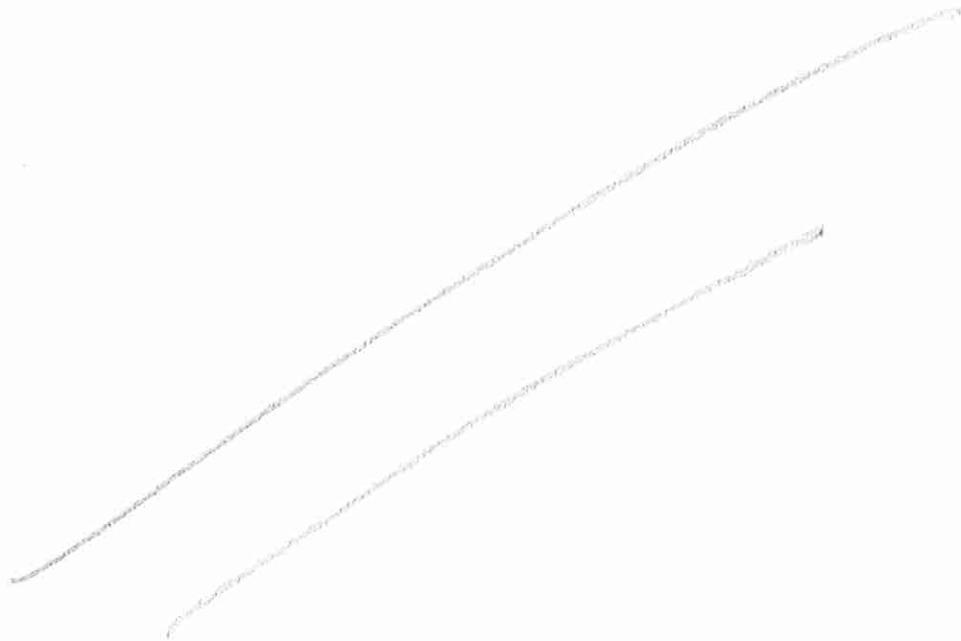
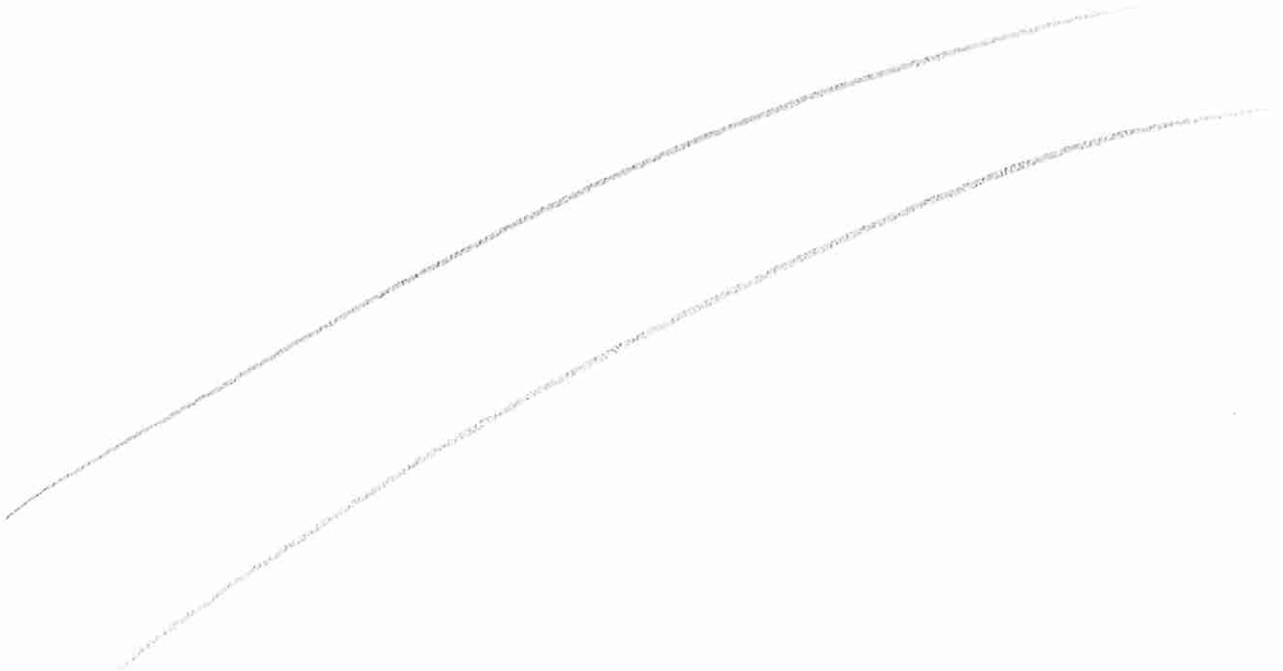


Exhibit C
(Site Plan Modifications)



HJR Engineering, Inc.
 8117 LANE LANE BLVD 400
 FARMERSVILLE, OH 43024
 614-298-7234
 Registration # 46164

PROJECT MANAGER	ROBERT DAVISON, JR.
DESIGNED BY	MARK SHENKENS, JR.
DATE	10/22/2023
DESCRIPTION	WASHINGTON COUNTY COUNTY JUDICIAL CENTER
PROJECT NUMBER	1022023
DATE	10/22/2023
DESCRIPTION	WASHINGTON COUNTY COUNTY JUDICIAL CENTER
PROJECT NUMBER	1022023



INDUSTRIAL CERTIFICATION
 HAGERSTOWN INDUSTRIAL
 PROPERTIES, LLC
 55 WEST OAK RIDGE ROAD
 HAGERSTOWN, MD 21740-2301
 410-326-7234
 DATE: 10/22/2023
 CONTACT: 704-675-6803

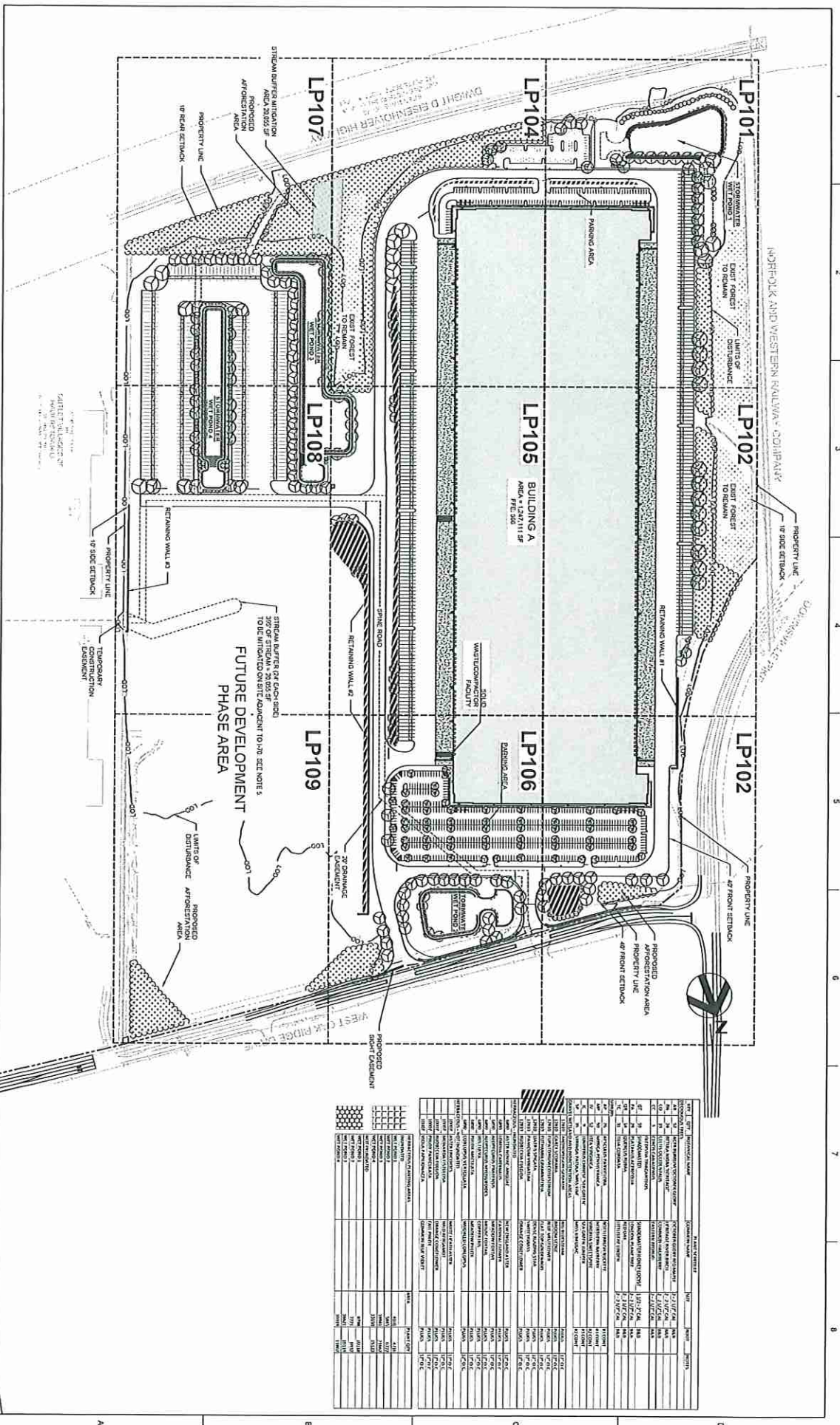
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 55 WEST OAK RIDGE ROAD
 HAGERSTOWN, MD 21740-2301
 410-326-7234
 DATE: 10/22/2023
 CONTACT: 704-675-6803

55 WEST OAK RIDGE DRIVE
 WASHINGTON COUNTY, MARYLAND
 55 WEST OAK RIDGE ROAD
 HAGERSTOWN, MD 21740-2301
 410-326-7234
 DATE: 10/22/2023
 CONTACT: 704-675-6803

WASHINGTON COUNTY, MARYLAND
 55 WEST OAK RIDGE ROAD
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 410-326-7234
 DATE: 10/22/2023
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WASHINGTON COUNTY, MARYLAND
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 410-326-7234
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 CONTACT: 704-675-6803

WASHINGTON COUNTY, MARYLAND
 55 WEST OAK RIDGE ROAD
 HAGERSTOWN, MD 21740-2301
 410-326-7234
 DATE: 10/22/2023
 CONTACT: 704-675-6803




NO.	DATE	DESCRIPTION	BY	CHKD	DATE
1	10/22/2023	INITIAL DESIGN	MS	RD	10/22/2023
2	10/22/2023	REVISION	MS	RD	10/22/2023
3	10/22/2023	REVISION	MS	RD	10/22/2023
4	10/22/2023	REVISION	MS	RD	10/22/2023
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City of Hagerstown, Maryland
Committed to Safety
Dedicated to Partnership and Progress

MEMORANDUM

TO: Kathleen A. Maher, AICP, Director, Planning and Code Administration Department

FROM:  Stephen R. Bockmiller, AICP, Development Review Planner/Zoning Administrator

SUBJECT: Review and Herald Site – County Site Plan Review

DATE: January 10, 2022

The following is a list of comments and noticeable inconsistencies of the site plan being processed with the county with the City's zoning and subdivision/site plan ordinances. This was a generalized review and not an item-by-item, line-by-line plan review for every provision of the Land Management Code, but given circumstances, accurately reflects any issues of importance the City should be aware of when discussing with the applicant and the County.

1. The plan does not appear to show parking lot perimeter shrubs that the City requires 1 per 4 linear feet of perimeter adjacent to public streets and property lines.
2. The plan seems to show some afforestation areas along Oak Ridge Drive to extend into the existing and/or proposed right of way. All forest conservation should be kept out of street rights of way.
3. The plan says a waiver is being requested to change parking stall dimensions from 9x20 feet to 9x18 feet. The target size is the standard in the City's ordinances for a parking space.
4. The plan shows a request to reduce parking from 913 to 760 spaces. Per the shown allocation of space in this building, the City's zoning ordinance would require 604 parking spaces for the warehouse use and 187 spaces for the office use for a total of 791 spaces. The proposed amount of parking for which they seek variance from the County would put on-site parking at a little less than 4% below current City ordinance requirements.
5. It is important that the applicant has provided public sidewalk along West Oak Ridge Drive and this should remain in the plan through completion of the plan and construction of improvements. The City ordinance requires a pedestrian walkway from the public sidewalk to the front of the building. Otherwise, pedestrians will have to walk in the driveway or beat a path into the grass to walk from the street to the building. A pedestrian connection from the Oak Ridge Drive sidewalk to the building should be required.
6. The adjacent outlet mall, with its stores and food court is available to provide services for employees of the warehouse before or after work or during lunch break. With such resources next door and readily available, if the owner of the outlets consents, a pedestrian connection to the outlet property should be provided.
7. There doesn't appear to be landscaping or forest planting along the common property line with the outlets. Since trailer parking will be the dominant use of this area, the outlets, as a destination, should be buffered from the warehouse facility with forest conservation and or significant landscaping.
8. The City's ordinance has certain protocols for ensuring that there are no overlooked or undiscovered human burial sites on development sites – especially large ones on the perimeter of the city such as this one. Documentation should be provided to the record showing that due diligence has been conducted by field reconnaissance and deed

research (usually part of the Alta survey anyway) that no cemeteries are known or are believed to exist on the property.

9. The slope from Downsville Pike into the front parking area should have landscaping trees installed in it.
10. It appears that the forest conservation plan addresses the entire tract, including the pad site. Is this correct? Since the City will inherit administration of this forest conservation plan, a copy of the county's forest conservation file contents should be provided to the City. Also, any and all references on plans, plats and easement documents regarding administration and enforcement of the forest conservation plan should mention or refer to the county may assign the plan and enforcement of its provisions to the City upon or after annexation so there is no question of legality. Will the City or the County collect the payment in lieu fees? If the City, the City's current rate is 35 cents per square foot (feet is calculated based on an approved area required and the fee rate in effect when remitted). There appears to be some inconsistencies in the forest conservation calculation chart on page 356. City and County staff will need to discuss so City staff understands how the county came to these figures.
11. There appear to be parking lot trees that are to be planted in areas shown as afforestation along the west side of the parking area on the west side of the building.
12. There are no parking lot trees in the rear parking lot. City staff did not do a complete census of trees shown in the plan. The City requires one tree for every 8 parking spaces in a parking lot. Therefore, the City would require 95 trees in and around the parking lots in this development.
13. The City's ordinances strongly discourage the construction of stormwater management facilities along street rights of way, but when it occurs, effective landscape buffers are required. The landscaping along the front of the two stormwater facilities along West Oak Ridge Drive seem like reasonable attention was paid to this issue, however there appears to be additional room and the City would encourage more extensive planting between the facilities and the street to screen them as effectively as circumstances allow, given their size and visibility. There are no street trees shown along Oak Ridge Drive.

If you have any questions, please contact me at your convenience.



JOHNSON DEVELOPMENT ASSOCIATES, INC.
REAL ESTATE DEVELOPERS

City of Hagerstown
Planning and Zoning
Kathleen Maher
Director of Planning
1 E. Franklin St.
Hagerstown, MD 21740

January 18, 2022

RE: 55 West Oak Ridge Drive – City Site Plan Review Warehouse (SP-21-028)

This letter is in response to your comment letter dated January 10th, 2022 regarding the Review and Herald Site - County Site Plan Review letter.

1. The plan does not appear to show parking lot perimeter shrubs that the City requires 1 per 4 linear feet of perimeter adjacent to public streets and property lines.

Response: Parking lots onsite are setback significantly from public streets and property lines. Applicant elects to maintain parking lot perimeter as currently shown on the plans and abide by County standards.

2. The plan seems to show some afforestation areas along Oak Ridge Drive to extend into the existing and/or proposed right of way. All forest conservation should be kept out of streets right of way.

Response: Applicant will adjust to remove afforestation from proposed or existing ROW.

3. The plan says a waiver is being requested to change parking stall dimension from 9x20 feet to 9x18 feet. The target size is the standard in the City's ordinances for a parking space.

Response: Acknowledged.

4. The plan shows a request to reduce parking from 913 to 760 spaces. Per the shown allocation of space in this building, the City's zoning ordinance would require 604 parking spaces for the warehouse use and 187 spaces for the office use for a total of 791 spaces. The proposed amount of parking for which they seek variance from the County would put on-site parking at a little less than 4% below current City ordinance requirements.



Response: Applicant elects to maintain 760 spaces as currently shown on the plans in accordance with Applicant's approved variance from the Board of Appeals for Washington County, MD (AP2021-006).

5. It is important that the applicant has provided public sidewalk along West Oak Ridge Drive and this should remain in the plan through completion of the plan and construction improvements. The City ordinance requires a pedestrian walkway from the public sidewalk to the front of the building. Otherwise, pedestrians will have to walk in the driveway or beat a path into the grass to walk from the street to the building. A pedestrian connection from the Oak Ride Drive sidewalk to the building should be required.

Response: Applicant has included sidewalk along the West Oak Ridge Drive frontage of Building 1's parcel. Applicant will include sidewalk along the West Oak Ridge Drive frontage of Building 2's parcel in that future site plan submission. Applicant elects to only install the sidewalk along the public street frontage due to the proposed buildings setback from the street frontage, and the expected minimal use, if any, of employees utilizing pedestrian pathways to the site.

6. The adjacent outlet mall, with its stores and food count is available to provide services from employees of the warehouse before of after work or during a lunch break. With such resources next door and readily available, if the owner of the outlets consents, a pedestrian connection to the outlet property should be provided.

Response: Applicant elects to move forward on the site plan without a pedestrian connection to the neighboring outlet mall. Applicant does not have consent for such connection, and the additional site access point could cause safety and security issues for future tenant operations on site.

7. There doesn't appear to be landscaping or forest planting along the common property line with the outlets. Since trailer parking will be the dominant use of this area, the outlets, as a destination, should be buffered from the warehouse facility with forest conservation and or significant landscaping.

Response: There is existing evergreen vegetation along the property line on the outlet's property which provides significant screening. Applicant is providing afforestation adjacent to the remote trailer parking area on site. Applicant elects to move forward with the landscaping plan as currently designed.

8. The City's ordinance has certain protocols for ensuring that there are no overlooked or undiscovered human burial sites on development sites – especially large ones on the perimeter of the city such as this one. Documentation should be provided to the record showing that due diligence has been conducted by field reconnaissance and deed research



(usually part of the Alta survey anyway) that no cemeteries are known or are believed to exist on the property.

Response: *The ALTA Survey did not identify any cemeteries on site.*

9. The slope from Downsville Pike into the front parking area should have landscaping trees installed in it.

Response: *Applicant will add trees to this area on the Landscape Plan.*

10. It appears that the forest conservation plan addresses the entire tract, including the pad site. Is this correct? Since the City will inherit administration of this forest conservation plan, a copy of the county's forest conservation file contents should be provided to the City. Also any and all references on plans, plats and easement documents regarding administration and enforcement of its provisions to the City upon or after annexation so there is not question of legality. Will the City or the County collect the payment in lieu fees? If the City, the City's current rate is 35 cents per square foot (fee is calculated based on an approved area required and the fee rate in effect when remitted.) There appears to be some inconsistencies in the forest conservation calculation chart on page 356. City and County staff will need to discuss so City staff understands how the county came to these figures.

Response: The Forest Conservation Plan addresses the entire tract; both Parcels 10-065011 and 10-018757. The Applicant agrees to share a copy of the Forest Conservation File with the City upon approval from Washington County. As the County is approving the Forest Conservation Plat, the County will collect any associated fees. The Applicant is still undergoing review with the County; any inconsistencies identified during the review process will be addressed at that time.

11. There appear to be parking lot trees that are to be planted in areas shown as afforestation along the west side of the parking area on the west side of the building.

Response: *Applicant will relocate parking lot trees out of afforestation areas.*

12. There are no parking lot trees in the rear parking lot. City staff did not do a complete census of trees shown in the plan. The city requires one tree for every 8 parking spaces in a parking lot. Therefore, the City would require 95 trees in and around the parking lots in the development.

Response: *Applicant elects to move forward with the current parking lot design and abide by county standards.*



13. The City's ordinances strongly discourage the construction of stormwater management facilities along street rights of way, but when it occurs, effective landscape buffers are required. The landscaping along the front of the two stormwater facilities along West Oak Ridge Drive seem like reasonable attention was paid to this issue, however there appears to be additional room and the City would encourage more extensive planting between the facilities and the street to screen them as effectively as circumstances allow, give their size and visibility. There are no street trees shown along Oak Ridge Drive.

Response: *Applicant will provide additional landscaping along West Oak Ridge Drive.*

Respectfully,

Miguel Villarreal
Development Manager, Industrial Division

LR - Government
Instrument 0.00
Agency Name: City of
Hagerstown
Instrument List:
Agreement / Easement
Describe Other:
Ref:
=====

Total: 0.00
03/28/2022 02:00
CC21-KB
#16009213 CC0403 -
Washington
County/CC04.03.02 -
Register 02

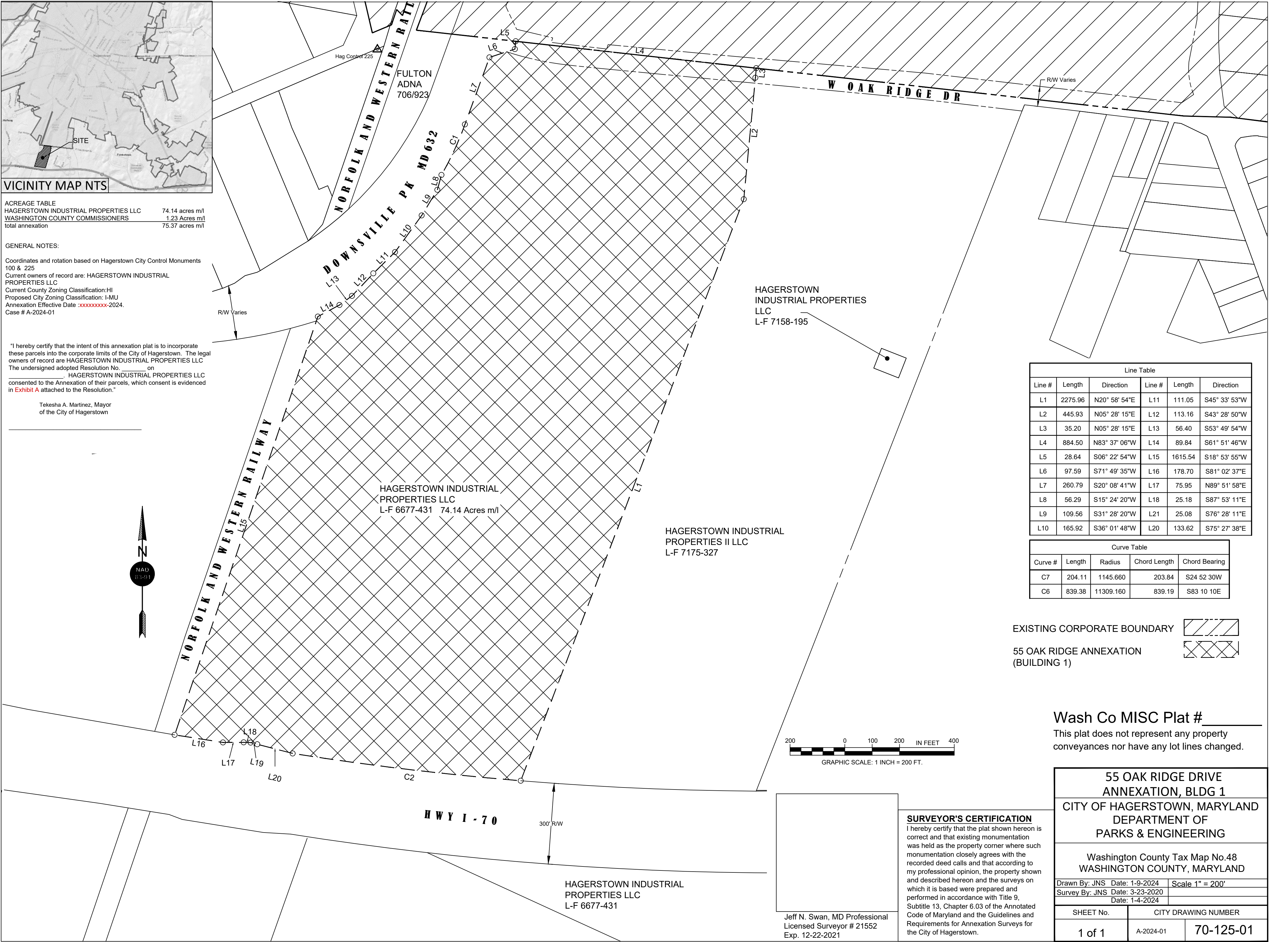
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**Clerk of Circuit Court
Washington County, Maryland**

Kevin R. Tucker, Clerk
24 Summit Avenue
Hagerstown, MD 21740
301-790-7991

For Clerks Use Only

Improvement Fee _____
Recording Fee _____
County Transfer Tax _____
Recordation Tax _____
State Transfer Tax _____
Non-Resident Tax _____
TOTAL _____



VICINITY MAP NTS

ACREAGE TABLE	
HAGERSTOWN INDUSTRIAL PROPERTIES LLC	74.14 acres m/l
WASHINGTON COUNTY COMMISSIONERS	1.23 Acres m/l
total annexation	75.37 acres m/l

GENERAL NOTES:

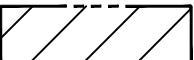

Coordinates and rotation based on Hagerstown City Control Monuments 100 & 225
Current owners of record are: HAGERSTOWN INDUSTRIAL PROPERTIES LLC
Current County Zoning Classification: HI
Proposed City Zoning Classification: I-MU
Annexation Effective Date :xxxxxxx-2024.
Case # A-2024-01

"I hereby certify that the intent of this annexation plat is to incorporate these parcels into the corporate limits of the City of Hagerstown. The legal owners of record are HAGERSTOWN INDUSTRIAL PROPERTIES LLC
The undersigned adopted Resolution No. _____ on _____
HAGERSTOWN INDUSTRIAL PROPERTIES LLC
consented to the Annexation of their parcels, which consent is evidenced in **Exhibit A** attached to the Resolution."

Tekesha A. Martinez, Mayor
of the City of Hagerstown

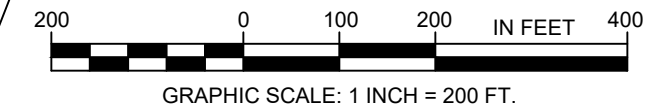
Line Table					
Line #	Length	Direction	Line #	Length	Direction
L1	2275.96	N20° 58' 54"E	L11	111.05	S45° 33' 53"W
L2	445.93	N05° 28' 15"E	L12	113.16	S43° 28' 50"W
L3	35.20	N05° 28' 15"E	L13	56.40	S53° 49' 54"W
L4	884.50	N83° 37' 06"W	L14	89.84	S61° 51' 46"W
L5	28.64	S06° 22' 54"W	L15	1615.54	S18° 53' 55"W
L6	97.59	S71° 49' 35"W	L16	178.70	S81° 02' 37"E
L7	260.79	S20° 08' 41"W	L17	75.95	N89° 51' 58"E
L8	56.29	S15° 24' 20"W	L18	25.18	S87° 53' 11"E
L9	109.56	S31° 28' 20"W	L21	25.08	S76° 28' 11"E
L10	165.92	S36° 01' 48"W	L20	133.62	S75° 27' 38"E

Curve Table				
Curve #	Length	Radius	Chord Length	Chord Bearing
C7	204.11	1145.660	203.84	S24 52 30W
C6	839.38	11309.160	839.19	S83 10 10E

EXISTING CORPORATE BOUNDARY 
55 OAK RIDGE ANNEXATION (BUILDING 1) 

Wash Co MISC Plat # _____

This plat does not represent any property conveyances nor have any lot lines changed.



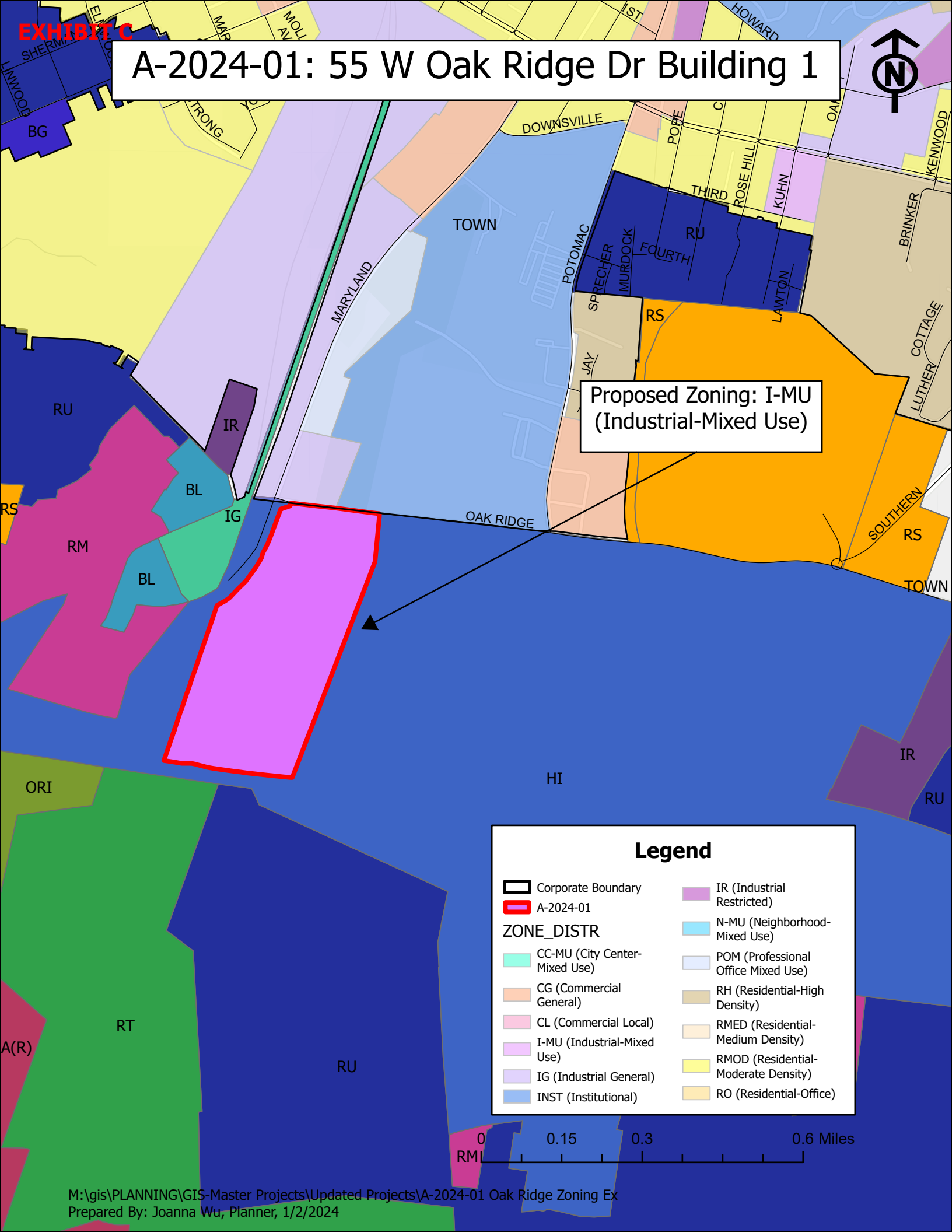
SURVEYOR'S CERTIFICATION

I hereby certify that the plat shown hereon is correct and that existing monumentation was held as the property corner where such monumentation closely agrees with the recorded deed calls and that according to my professional opinion, the property shown and described hereon and the surveys on which it is based were prepared and performed in accordance with Title 9, Subtitle 13, Chapter 6.03 of the Annotated Code of Maryland and the Guidelines and Requirements for Annexation Surveys for the City of Hagerstown.

Jeff N. Swan, MD Professional
Licensed Surveyor # 21552
Exp. 12-22-2021

55 OAK RIDGE DRIVE ANNEXATION, BLDG 1 CITY OF HAGERSTOWN, MARYLAND DEPARTMENT OF PARKS & ENGINEERING		
Washington County Tax Map No.48 WASHINGTON COUNTY, MARYLAND		
Drawn By: JNS Date: 1-9-2024	Scale 1" = 200'	
Survey By: JNS Date: 3-23-2020	Date: 1-4-2024	
SHEET No.	CITY DRAWING NUMBER	
1 of 1	A-2024-01	70-125-01

A-2024-01: 55 W Oak Ridge Dr Building 1



Proposed Zoning: I-MU
(Industrial-Mixed Use)

Legend

Corporate Boundary

A-2024-01

ZONE_DIST

CC-MU (City Center-Mixed Use)

CG (Commercial General)

CL (Commercial Local)

I-MU (Industrial-Mixed Use)

IG (Industrial General)

INST (Institutional)

IR (Industrial Restricted)

N-MU (Neighborhood-Mixed Use)

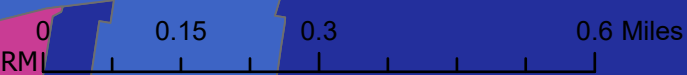
POM (Professional Office Mixed Use)

RH (Residential-High Density)

RMED (Residential-Medium Density)

RMOD (Residential-Moderate Density)

RO (Residential-Office)



City of Hagerstown, Maryland

Annexation Case No. A-2024-01

Property Owners: JDA Hagerstown Industrial Properties, LLC

Applicant: City of Hagerstown

Location of Property: 55 West Oak Ridge Drive (Tax Map 57, Grid 3, Parcel 177)

Annexation Plan

Pursuant to the Annotated Code of Maryland, Local Government Article, Section 4-415, herewith is a proposed outline for extension of services and public facilities into the areas proposed to be annexed.

It is also noted that any future amendments to the Annexation Plan may not be construed in any way as an amendment to the resolution, nor may they serve in any manner to cause a re-initiation of the annexation procedure then in process.

I. Land Use Patterns of Areas Proposed to be Annexed

- A. The area of annexation is approximately +/- 74 acres. This lot is occupied by Building 1 of the in-progress development.
- B. The proposed zoning is I-MU (Industrial-Mixed Use). The purpose of the I-MU District is to provide locations for general industrial uses and some mixed uses.

The I-MU zoning classification proposed for this site is substantially similar to the industrial and professional/technical service sector side of the County’s current zoning of HI (Highway Interchange) while not allowing some of the commercial zoning uses in the HI. The City’s I-MU is intended to be a more focused business employment land use category rather than one that combines the broader array of land use categories found in the County’s HI. The I-MU is consistent with how the site is developing.

- C. It is within the City’s Medium Range Growth Area, an area intended for new or expanded water and wastewater service based on development potential, as defined in the City’s 2018 Comprehensive Plan, visionHagerstown 2035.

- D. It is within the County's Urban Growth Boundary and the State's designated Priority Funding Area.

II. Availability of Land Needed for Public Facilities

- A. The uses of the annexation area are non-residential in nature and will have no additional impact on Washington County Board of Education facilities with respect to school capacity.
- B. The uses of the annexation area will be residential are non-residential in nature and will have no additional impact on the Washington County Free Library as a result of the annexation.

III. Schedule and Method of Financing the Extension of Each Municipal Service Currently Performed Within the City of Hagerstown into the Area Proposed to be Annexed

- A. The area of annexation is under construction with a Washington County approved site plan and Washington County issued building permit. The property is approved for City Water and Wastewater service per an annexation agreement and per approval of the utility plan for the site plan and per approval of the building permit. Sufficient capacity exists to serve the proposed plan.
- B. Extension of sanitary sewer, water and storm drain lines, streets, curbs, gutters and all other public improvements, not currently existing, which may be required by the City to be installed constructed and maintained as part of the development or re-development of the area of annexation, shall be that the expense of the then owner(s) or developer(s) of the area of annexation requesting same, and shall be at no cost to the City.
- C. The Electric Distribution System is external to the Hagerstown Light Department electric utility operating territory. Electric utility service is provided by the Potomac Edison Company of First Energy.

The Hagerstown Light Department provides street lighting services to public streets and supplies the personnel and equipment to maintain the installation after construction by the developer and acceptance by the HLD. Contact the HLD for details regarding street light installation requirements.

- D. No significant impact on emergency medical service delivery is expected.
- E. The area proposed for annexation fronts West Oak Ridge Drive. This annexation does not propose any change to current ownership or service. When Building 2 of this tract annexes in 2025, this issue will receive new consideration. Any public roads constructed in the future within the area of annexation will be completed at the direction of the City Engineer at the developer's expense and constructed per the City's Public Ways Construction Standards by the developer.
- F. Parks and recreation facility expansion are not proposed for this annexation.
- G. Police protection will be provided by the Hagerstown Police Department. Fire protection will be provided by the Hagerstown Fire Department.
- H. Maintenance (i.e. snow removal, mowing of right-of-way, litter removal) of West Oak Ridge Drive is performed by Washington County. Any public roads constructed in the future within the area of annexation will be maintained by the City Public Works Department.
- I. All future persons within the area proposed to be annexed shall obtain or be entitled to existing benefits of the City of Hagerstown. They shall also be required to pay for all applicable utility services, charges, assessments, taxes, and other costs and expenses which are required of the residents of the City of Hagerstown, unless alternative arrangements are provided for the Annexation Resolution.

**REQUIRED MOTION
MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND**

Topic:

SPECIAL SESSION (90th VOTING SESSION) – *Council Chamber, 2nd floor, City Hall*

Mayor and City Council Action Required:

Discussion:

Financial Impact:

Recommendation:

Motion:

Action Dates:

**REQUIRED MOTION
MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND**

Topic:

Approval of Annexation Resolution: A-2024-01 for JDA – 55 W. Oak Ridge Drive

Mayor and City Council Action Required:

Discussion:

Financial Impact:

Recommendation:

Motion:

Action Dates:

ATTACHMENTS:

File Name

motion_annex_resolution_approval_apr_2_oak_ridge.docx

Description

Motion for Approval of Res
A-2024-01

REQUIRED MOTION

MAYOR AND CITY COUNCIL HAGERSTOWN, MARYLAND

DATE: April 2, 2024

TOPIC: Approval of Annexation Resolution – A-2024-01: 55 West Oak Ridge Drive, Building One

Charter Amendment

Code Amendment

Ordinance

Resolution X

Other

MOTION: I hereby move that the Mayor and Council approve an Annexation Resolution for Annexation Case No. A-2024-01: 55 West Oak Ridge Drive, Building One. The portion of property to be annexed is approximately 74 acres in size and is intended to be added to and made part of the adjacent municipal lands with I-MU zoning. The resolution package includes the annexation plat, zoning exhibit, and pre-annexation agreement.

DATE OF INTRODUCTION: 01/30/24

HEARING DATE: 03/26/24

DATE OF PASSAGE: 04/02/24

EFFECTIVE DATE: 05/17/24

**REQUIRED MOTION
MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND**

Topic:

Approval to Accept Award of Coverdell Grant

Mayor and City Council Action Required:

Discussion:

Financial Impact:

Recommendation:

Motion:

Action Dates:

ATTACHMENTS:

File Name

Motion_-_Acceptance_of_Coverdell_Grant.pdf

Description

Motion - Acceptance of
Coverdell Grant - HPD

REQUIRED MOTION

MAYOR AND CITY COUNCIL HAGERSTOWN, MARYLAND

Date: April 2, 2024

TOPIC: Approval to Accept Award of Coverdell Grant

Charter Amendment	_____
Code Amendment	_____
Ordinance	_____
Resolution	_____
Other	<u> X </u>

MOTION: I hereby move for Mayor and Council approval to accept the Coverdell Grant which is 100% grant funded and totals \$49,948.00. The goal of this grant is to purchase a FARO Focus Premium scanner for the Western Maryland Regional Crime Lab.

This is a no match grant.

DATE OF PASSAGE: 04/02/2024